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Jones opposes new pay curb policy for transport men

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT

Mr. Jack Jones yesterday virtually ruled out a Phase Three incomes policy for his union, the 1.85m-member Transport and General Workers, and thus for the trade union movement as a whole.

He strongly suggested that the main—possibly only—ingredient of any central agreement or "understanding" with the Government about what happens after July 31 would be observance of the Phase Two 12-month rule.

He also said that he did not think there should be a percentage norm, although it was the Chancellor's right to look for one if he wanted to.

Mr. Jones was speaking after a meeting of the TGWU's general executive council which, faced with a revolt against incomes policy at the union's conference in the first week of July, decided that it will amend its own resolution to take the opposition into account and keep the union united.

The executive, he said, had stressed again the need for an orderly return to voluntary collective bargaining enshrined in its existing resolution for conference. But Mr. Jones yesterday construed the orderly return almost entirely in terms of holding the line on Phase Two; and that would carry most major groups of workers well into the winter and into 1978.

Repeating the executive's demand earlier this year for a Secretary, he is believed to be trying to freeze on a wide range of prices,



MR. JACK JONES Call to hold Phase Two

especially fuel and fares, he said action on this front was needed to prevent workers abandoning Phase Two in the face of a still-rising retail price index.

He agreed that action on prices before his own conference would help secure the commitment to an orderly return.

Mr. Roy Hattersley, the Prices Secretary, is believed to be trying to win Cabinet accep-

tance for a freeze on some nationalised industry charges.

While this idea is apparently being resisted by other Ministers, Mr. Hattersley is believed to have some support for the idea of blocking the next school meals increase and it could be that the Government will announce this before the TGWU conference.

Dealing with the problem of workers who are stalling on pay settlements due around now in the hope of doing better in two months, he thought the TJC economic committee would be in favour of people settling under Phase Two.

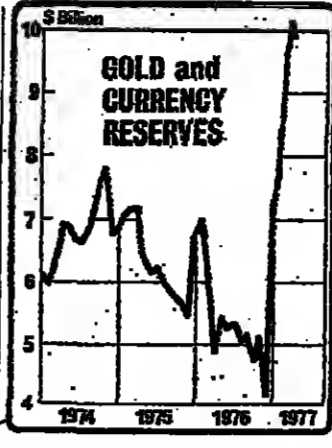
Some groups, including Merchant Navy officers and Fleet Street journalists, are holding out.

Yesterday leaders of the country's 24,000 general practitioners said they would defer their Phase Two rise, awarded last month, and press for 10 per cent after July 31 instead.

The economic committee meets again on Tuesday week, and is expected to meet the Chancellor for formal talks after that.

A reflationary summer Budget Continued on Back Page

CBI pay plan, Back Page



Reserves down \$229m to \$9.9bn

BY MICHAEL BLANDEN

BRITAIN'S OFFICIAL reserves fell last month for the first time this year, by \$229m, to \$9.9bn.

Taking account of the inflow from official borrowing abroad, including a further drawing from the International Monetary Fund of \$350m, this indicates an underlying drop in the reserves of \$605m.

The decline is a partial reversal of the heavy inflows of funds which boosted the reserves in the earlier part of the year.

It is thought that last month there was some withdrawal of hot money attracted previously by the relatively high interest rates in the U.K. but finding London less tempting as rates came down to their present levels.

Substantial

Last week the Bank of England, for the first time in recent months, had to cope with significant selling pressure on the pound.

The underlying fall in the reserves probably exaggerates the amount of support involved—the total is affected by other transactions as well—but it is clear that the authorities had to spend a substantial amount to hold the sterling exchange rate.

A halt to the previous upsurge in the reserves had been widely predicted, and the market yesterday showed little reaction to the figures.

Over the first four months of the year, the reserves kept by some \$6bn, to reach their record level of \$10.13bn at the end of April. This increase was only partly due to official borrowing abroad of around \$2.2bn.

On top of this, the reserves gained from a substantial inflow as last year's adverse movements on commercial payments—the leads and lags—were reversed.

They were also boosted by Public sector borrowing, Page 8

Rich and poor fail to find the solution

BY REGINALD DALE, EUROPEAN EDITOR PARIS, June 2

THE WORLD'S rich and poor countries have failed to achieve what they hoped for in their 27-nation talks here—the so-called North-South dialogue.

Outright confrontation has been averted but the conference's inconclusive end can only damage relations between the West and the developing countries.

The situation to-night under the principal heads of discussion was:

Common Commodity Fund: A form of agreement has been reached to push forward with the negotiation of a common fund to stabilise commodity prices.

Aid: The Western countries have committed themselves to an substantial increase in official development aid.

Debits: The two sides have agreed to disagree on the demands of the developing countries for a massive rescheduling of their debts.

Energy: The developing countries have rejected the main Western demand for continuing consultations on energy. Although the West accepted that it could not use such consultations to try to fix future oil prices, it had hoped at least to establish a potential forum for putting its point of view.

The 18-month talks staggered into their final phase more than 24 hours late to-night. Most of the aid, trade and financial package the Western countries pledged to offer to secure the conference's success seemed likely to remain on the table.

It seemed improbable that the West would pursue its offer with much enthusiasm after the disorderly end to the talks. The new Carter Administration in Washington is bound to be upset by the developing countries' rejection of the energy dialogue.

This is one of its first major foreign policy setbacks.

The second part of the West's offer was a more favourable approach to the Geneva negotiations on the proposed common fund for commodities, the third of an undertaking to study new ways of guaranteeing developing countries' export earnings.

The developing countries want as much as \$6bn, to be allocated to the common fund to finance 18 new commodity agreements. The West believes that no more than the first seven commodity agreements make economic sense.

Where divisions lie, Page 6

Table with 3 columns: Period, June 2, Previous. Rows for 6 months, 12 months, 24 months.

NEWS SUMMARY

BUSINESS

Equities rise 6.0; gold down \$2 1/2

EQUITIES gained ground, but the rally was largely technical, with buyers showing little enthusiasm. The FT 30 Share Index rose 6.0 to 454.6.

GILTS made numerous gains from 1.1 after a hesitant start. FT Government Securities Index rose 0.14 to 82.61.

STERLING slipped 27 points to close at \$1.7124, while its trade-weighted index fell to 61.5 (61.7). Dollar's trade-weighted depreciation widened to 0.96 (0.94) per cent.



Gold fell \$2.50 to \$42.125

its lowest since early March in the wake of the IMF decision.

WALL STREET fell 140 to 923.15.

U.S. MONEY SUPPLY M1 unchanged at \$322.2bn; M2 \$766.5bn. (\$766.6bn) commercial and industrial up 0.2% to \$408.8bn.

U.S. TREASURY Secretary Mr. Michael Blumenthal said that he would prefer to see commercial banks' prime rates lower.

New disruption threatened at Heathrow

HEATHROW maintenance engineers, whose dispute with British Airways affected flights earlier this year, appear to have started plotting disruptive action several times since the start of a campaign begun. Other news from Spain Page 5

Right-wing factions in Madrid

Shots were fired in several people were killed. Less serious clashes in the tactics have taken place several times since the start of a campaign begun. Other news from Spain Page 5

Belgian crisis

Prime Minister Tindemans, Prime Minister of Belgium, last night announced his resignation to King Baudouin after four Ministers in his former Government used to attend the formal ceremony. Page 4

Police Proms

new works commissioned by the BBC to celebrate the Jubilee will have their first performance at the Proms at the Royal Albert Hall. Page 14

Trains

Rail is to run more than 200 extra trains over the Spring Bank Holiday.

Fish fine

fish trawler skipper was fined 400 at a special Tyneside court after admitting fishing against the law.

Return To Go

later, the financier, has a contract with Westland to buy a 25 per cent share in the world's largest helicopter manufacturer, Return To Go, which is published in October.

Fly

plans commemorating the world's first high definition broadcast 40 years ago is to be unveiled by Mr. Ian Brown, BBC deputy general manager, at Alexandria Palace.

beat Australia by two

at Old Trafford in the first one-day Test match. Page 12

PRICE CHANGES YESTERDAY

Table with 2 columns: Item, Change. Rows include ICI, Lucas Inds, MK Electrical, etc.

Swiss banks given new code on foreign funds

BY JOHN WICKS

THE SWISS National Bank and the Swiss Bankers' Association today signed an agreement detailing a code of conduct on Swiss banks' handling of foreign funds flowing into Switzerland and on the way the Swiss banking secrecy laws should be applied.

The drawing-up of the code was precipitated by the so-called Chasse affair, where a branch of Credit Suisse (Switzerland's third largest bank) was found to have channelled some Sw.Frs. 2.17bn, worth of funds entrusted to it by foreign clients into a Liechtenstein holding company of still unknown net worth.

The code has been drawn up hurriedly in order to get in force before the opening of Parliament next week. The Chasse affair has caused a furor in Switzerland and the future of the Swiss banking industry is expected to be hotly debated.

It classifies certain activities as "improper" and sets out punishments for those who engage in improper activities. The pure bones are twofold: First, banks will in general be expected to identify the real owner of deposits or securities placed with them or in their care on a portfolio management basis. Secondly, they will be expected to refrain from accept-

ing some of the more unsavoury money which has a tendency to flow to Switzerland—in particular funds which it should be able to recognise as having been acquired by means which would be illegal in Switzerland.

Actively canvassing abroad for various kinds of funds will be considered "improper" under the code, with funds fleeing their home country in order to evade local taxes also included under this head.

The new rules on identification of clients are to take effect from July 1 for new customers, and from July 1, 1978, for existing customers. There is a cut-off point at Sw.Frs.10m.

Hard-sell

The initial reaction among Swiss bankers to-day was that apart from the imposition of sanctions—regulation of Swiss banking has generally taken the form of "gentlemen's agreements"—the code does not involve far-reaching reform.

It could, it is felt, upset the business of some smaller banks specialising in hard-sell promotion of the suitcase trader, but would hardly worry the larger banks particularly since

these are themselves now reviewing their operations very closely after the shock of the Credit Suisse affair.

Mr. Alfred E. Sarasin, president of the Bankers' Association, said to-day that the content of the agreement was not new, but simply represented what good bankers had always worked to and what had been normal practice in the vast majority of all banks. The agreement would help restore the damaged reputation of Swiss banking, he stated.

But Dr. Fritz Luitwiler, National Bank president, said the agreement was "more than just a pious recommendation." Fines of up to Sw.Frs.10m. could be imposed on signatories while the Swiss Banking Commission would consider the suitability of individuals involved to manage a bank irreproachably, as called for by provisions of existing federal law.

The National Bank had considered "demystifying" the institution of numbered accounts by giving numbers to all Swiss bank accounts. This has posed the many operational difficulties for it to be introduced, though. Banks are not obliged to sign the new agreement. Report details, Page 41

GEC likely to control merged turbine generator industry

BY MAX WILKINSON

THE Government has been told by the National Enterprise Board that the General Electric Company must have complete control of a merged turbine generator industry.

And yesterday the Government announced that it was supporting the Enterprise Board's view.

The plan is that GEC should have a shareholding of at least 60 per cent in the merged company. Reynolds Parsons, the other company in the field, would have a minority shareholding, or perhaps would sell its interest altogether.

This scheme, worked out earlier this year, was reported in the Financial Times on February 10.

Safeguards

The Department of Industry said yesterday that the Enterprise Board would have a substantial share of the merged company and that safeguards would have to be agreed on the future of Parsons's Newcastle works.

It appears that GEC, the Enterprise Board and the main board of Reynolds Parsons could now reach agreement, but both companies have said they cannot agree terms against the resolute opposition of the unions involved.

Mr. Eric Varley, the Industry Secretary, yesterday spoke to representatives of all the unions affected and spelled out the Gov-

LOB: ... "promoting the better distribution of office employment throughout the country" Mr. Peter Shore, Secretary of State for the Environment. And we have the facts to do it. In a recent statement to the House of Commons, Mr. Peter Shore proposed new terms of reference for the Location of Offices Bureau. Subject to Parliamentary approval the Bureau will have two new tasks: attracting international concerns to bring office employment to Great Britain, and promoting office employment in inner urban areas. LOB's unrivalled store of information can then also be used for these broader objectives. If you are thinking of moving offices, contact us. We have details of offices, staff availability, transport, telecommunications and many other facts on over 160 towns throughout the country. They don't cost a penny and could save you time as well as money.

27 Chancery Lane, London WC2A 1NS. Telephone: 01-405 2921. LOCATION OF OFFICES BUREAU

LOMBARD

Paying for a free Press

BY REX WINSBURY

THE BRITISH, with the Ameri-

But in the event, not only did the industry fail to find a formula for introduction of new technology...

Solution

But the root conclusion to be drawn from the study is that the continental paucity of subsidies in, in fact, irrelevant to this country...

TV/Radio

Table listing TV and radio programmes such as 'Open University (UHF only)', 'Football Special', etc.

F.T. CROSSWORD PUZZLE No. 3397

Crossword puzzle grid with clues for Across and Down sections.

ACROSS 1 Failure by part of Ireland to drop through thinness (4, 4)...

NORTH SEA OIL REVIEW

Challenging lessons for BIOC

IT HAS been quite a week. The British National Oil Corporation has flexed its muscles...

BIOC's interests in Gas and Oil Fields in production or under development

Table with columns: Field, Type, Location of field (Block), Recoverable reserves of oil (billion barrels), Year of first production.

Investment more than £300m. in a more well will be drilled this summer. This will still leave the group with the problem of mapping the relinquishment of production...

Later development wells, placed mainly to the west of the platform, have been far more successful, yielding rates of 20,000 and 30,000 barrels a day.

It is expected, however, that Beryl will be yielding oil at its expected peak rate of 85,000 to 100,000 b/d next year.

The Mobil group, which includes Amerasia Petroleum, British Gas and Texas Eastern, is one of those who paid for the licence...

like being one of the region's brightest jewels with possibly well over 1bn. barrels of recoverable oil reserves.

This is why the industry will pay particular attention to the eighth well now being drilled in the Brae block by Occidental Petroleum...

The Corporation's first annual report shows the scope of this oil industry "David". Its turnover in the first year was \$2.5m.

RACING

Lucky Mickmooch Sanyo Handicap at

ONLY SEVEN line up for this afternoon's £6,000 Sanyo Handicap at Epsom...

My idea is a likely win for John Winter's Newmarket representative, Lucky Mickmooch.

SALEROOM BY AN

Silver ewer tops £12

A DUTCH ewer and basin made of silver and bearing the arms of the Duke of Sussex...

The BBC is hoping to appoint a leading Russian conductor as chief conductor of its Symphony Orchestra...

Vixen/Voix humaine

All credit to Glyndeboune for reviving Jonathan Miller's 1975 production of Janacek's The Cunning Little Vixen...

Cinema

Colour me real

- Bound For Glory (A) ABC Shaftesbury Avenue
The Prince and the Pauper (A) Carlton
Echoes of a Summer (A) Odeon Haymarket
Fire (A) Warner West End



Charlton Heston and Rex Harrison in 'The Prince and the Pauper'

'If colour is to be of permanent importance,' wrote Graham Greene in a film review in 1935...

succeeds. Reed, whose stock-in-trade is debaucherous thuggery, lends a heroic role a welcome touch of the sardonic...

Echoes of a Summer is the story of an 11-year-old girl dying of a heart disease in the photographic Nova Scotia home she shares with her mother...

The Entertainment Guide is on Page 9

Coliseum

Romeo and Juliet

The most striking thing about Rudolf Nureyev's version of Romeo and Juliet, given its first performance by London Festival Ballet last night...



Rudolf Nureyev and Patricia Ruanne

Dval House

Motocar by MICHAEL COVENEY

David Pownall has set his new play in a mental hospital for black Africans in Rhodesia...

Proms 77

Announcing the programmes for this year's Promenade Concerts, Robert Fensomby, Music Controller...

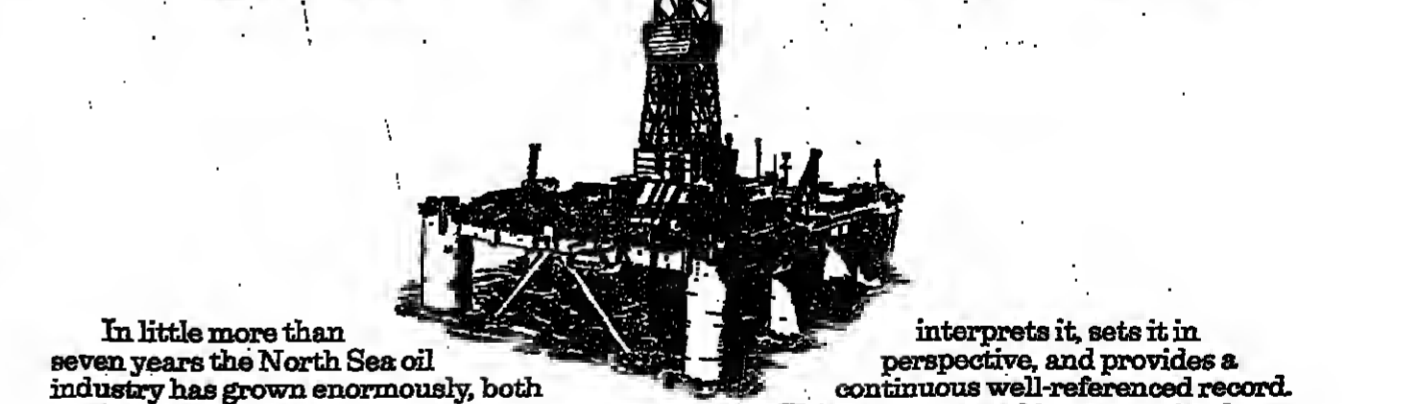
Jverground, Kingston

Nothing Truer than Truth

Whether or not there is anything in the claim considered by T. Looney and P. Allen at Shakespeare's works were written by Edward de Vere...

Children of the Chapel Royal, at Blackfriars. It was the latter company that was associated with John Lyly, whom Mr. Blake includes as manager and resident playwright...

A chance to explore the best source of news from the North Sea



In little more than seven years the North Sea oil industry has grown enormously...

Subscription form for North Sea Letter, including fields for Name, Organisation, Address, Telephone, and Date.

EUROPEAN NEWS

France to revise growth forecasts

PARIS, June 2. THE FRENCH Government is revising its expectations for the country's economic performance this year in line with changing world conditions...

Tindemans quits in coalition crisis moves

BRUSSELS, June 2. BELGIUM continued to-night to search for a coalition government, as the caretaker Prime Minister, Mr. Leo Tindemans, offered his resignation to King Baudouin...



Mr. Leo Tindemans

Rivalry threatens joint European air project

PARIS, June 2. The question that must be resolved over the next few weeks is how far the British and French industries and governments are prepared to adapt their competing proposals...

Two Press men shot in Italy

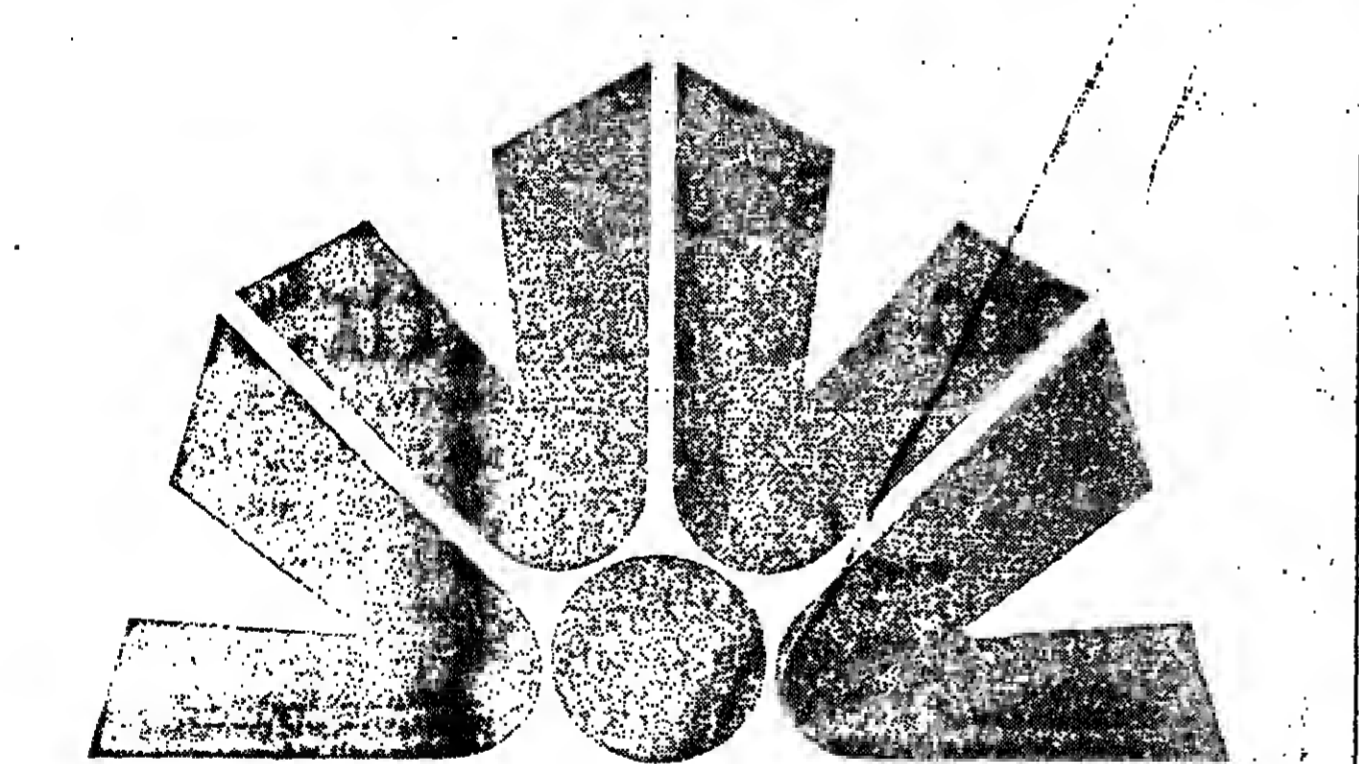
ROME, June 2. SIG. INDRIO Montanelli, the controversial and distinguished Italian journalist, was shot and wounded by urban guerrillas in the centre of Milan this morning...

Demirel warns rival of assassination plot

ANKARA, June 2. IN A dramatic pre-election development to-day Mr. Sileyman Demirel, the Turkish Prime Minister, has written to his chief rival, Mr. Necmettin Erbakan...

Seeking an end to the blood-letting

ANKARA, June 2. THE MAN smearing blood on the outside of the special election bus carrying the Turkish Opposition leader, Mr. Bulent Ecevit...



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First vote for one in seven

THE TURKISH electorate of 21m. people (one in seven will be voting for the first time) goes to the polls on Sunday, Mr. Sileyman Demirel, the Prime Minister, called a general election four months ahead of schedule...

EEC regional development plans

BRUSSELS, June 2. THE EUROPEAN Commission unveiled plans to-day for developing the next phase of the EEC's regional policy. The centrepiece of the policy is the Regional Development Fund...

Greece plans for 6-7% annual growth

ATHENS, June 2. THE GREEK five-year economic development plan for 1978-82 envisages an annual growth rate of 6.7 per cent. This would be about 2 per cent higher than the average rate forecast for EEC countries...

Handwritten signature: J. H. ...

AMERICAN NEWS

Market forces may cut prime rates—Blumenthal

BY JUREK MARTIN, U.S. EDITOR

MR. MICHAEL Blumenthal, Treasury Secretary, today suggested that money market conditions might force the nation's major commercial banks to lower their prime interest rates.

Blumenthal said that the Fed's recent tightening of the money supply, noting that he had the authority to raise the prime rate, was a deliberate campaign directed against dissidents who support the 1975 Helsinki Agreement on human rights.

WASHINGTON, June 2.

U.S. concern over Soviet dissident

By Our Own Correspondent WASHINGTON, June 2.

THE PRESIDENT Carter is disturbed about the detention of Mr. Anatoly Shcharansky because it appears to be part of a deliberate campaign directed against dissidents who support the 1975 Helsinki Agreement on human rights.

Carter may use warheads as SALT bargaining tool

BY DAVID BELL

WASHINGTON, June 2.

THE CARTER Administration may be prepared to use the installation of new, and much more accurate missile warheads as a bargaining counter with the Soviet Union in the current strategic arms talks.

Not yet been discussed in any detail. "The longer we wait to move forward (on arms limitations) the more we and the Soviets and the world are going to be faced with situations like this," he said.

Barbados tax haven plan

The Barbados Government intends to establish tax haven facilities for offshore banking and financial institutions, Mr. Henry Forde, the Minister of External Affairs, has said.

Lobbyists under attack

BY OUR OWN CORRESPONDENT WASHINGTON, June 2.

PRESIDENT CARTER has delivered a strong attack on the lobbyists who have come out of the woodwork to try to persuade Congress not to approve his proposal for a new agency that would have broad powers to protect the interests of consumers.

Industry argues that the agency would merely create another layer of bureaucracy with which it would have to deal and would make no difference to the average consumer.

Energy-linked loan plan

BY JOHN WYLES

NEW YORK, June 2.

NOVEL scheme to boost loan demand and to capitalise on the prior administration's calls for energy saving has been introduced by Chemical Bank in New York.

Foreign cars are included in the scheme but the minimum loan has to be \$2,500. Not surprisingly, Chemical Bank is encouraging the view that it has not only developed a smart business idea but that it is also displaying a commendable social responsibility.

REGIONAL SEPARATISM Picking up the pre-war threads

BY ROGER MATTHEWS IN MADRID

VICTORS of the Spanish Civil War believed that one of the main motivations for the trilateral struggle was the need to prevent a break-up of the country's essential unity.

Government on economic issues: "There are significant advances towards autonomy, which will help them to secure their home base. Voting in Catalonia on June 15 will probably not reveal in the same way as the Basque provinces the real strength of local sentiment."

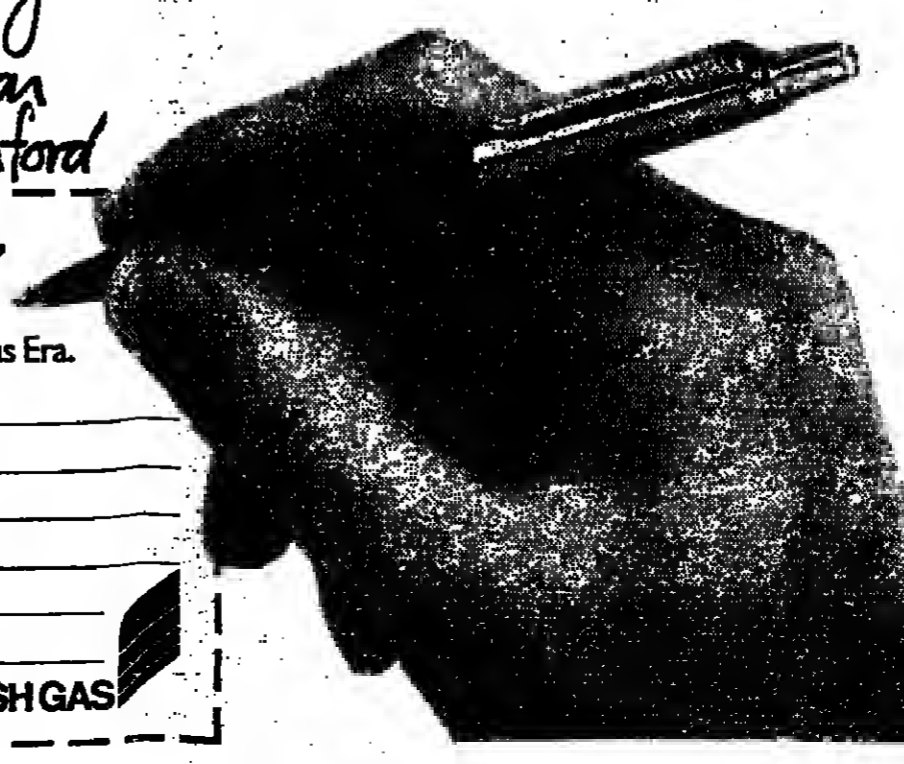
any will be people whose political objective is the return of pre-civil war autonomous rights and their boundaries will tend to slice across boundaries even though they will also be acutely aware of more traditional ideological battle.

from lack of infrastructure, bad communications, a persistent emigration of labour and the consequent inability to attract new industry and thereby enjoy the fruits of the huge economic growth of Spain during the 1960s and early 1970s.

Handwritten list of company names: Albright & Wilson Ltd., MONSANTO CHEMICALS LTD., Cabot Carbon Ltd., Mullard, Simonstone, BRITISH REINFORCED CONCRETE, Adhesive Tapes Ltd., Boreham Wood, LONDON CO-OPERATIVE SOCIETY LTD., OAKTHORPE BAKERY, PALMERS GREEN, Padley & Venables Ltd, Dronfield, Weetabix Ltd, Burton Latimer, Kettering, WEDGWOOD, EARTHENWARE DIVISION, Royal Doulton Tableware, Massey Ferguson, Round Oak Steel, Brierley Hill, B.S.C. Tubes Division, Bromford.

Join the New Gas Era now. Some very famous names have already signed up.

Big new gas supplies from the North Sea come ashore this autumn. When fully operational they will increase the amount of gas available by nearly 40%. This will give a great new boost to our balance of payments, and be a valuable new asset for years to come, for Britain, for British industry, and for your company.



Coupon form with fields for Name, Company, Position in company, Address, and Tel. Includes the text 'To: British Gas, Dept. 80, 326 High Holborn, London WC1V 7PT.' and 'Please ask the Technical Sales Staff of my Gas Region to get in touch about the New Gas Era.'

Advertisement for British Gas Technical Consultancy Service, featuring a 'SAVE IT' logo and the text 'The British Gas Technical Consultancy Service helps you get the maximum value from every therm of gas used, by advising on the most efficient application by industry and commerce.'

OVERSEAS NEWS

Palestinians in Lebanon battle near Israeli border

BEIRUT, June 2.

RIGHT-WING Lebanese forces and Palestinian commandos pounded each other with heavy artillery near the Israeli border today, local residents reported. Tension has mounted along the frontier since the victory of the right-wing Likud bloc in the Israeli elections last month, and a declaration by the Lebanese Right that the Palestinian presence here is illegal. One civilian was killed in the village of Tib al-Say, a front-line position of the Palestinian and Left-wing Lebanese forces, residents said. Famine-like conditions are reported to have taken hold in the area, as Israeli troops have been active in the past, hence the increased concern here about possible attempts to cross into Israel for purposes of sabotage. Moreover, the Israeli army spokesman said last night Israeli forces were combing the roads along the border for mines. Hsani Hsani in Beirut adds: Israeli troops have been active inside Lebanese territory during the past two days, but its magnitude and objective are not yet fully known, according to informed travellers from Southern Lebanon. According to the Popular Front

for the Liberation of Palestine (PFLP), 1,000 Israeli troops crossed into Southern Lebanon on Tuesday night. A PFLP spokesman said the Israelis killed one villager and kidnapped another during a search of the village of Kfar Chouba, a few miles from the Israeli frontier. The Israeli force appeared to be building a road to link certain Lebanese villages with the Israeli border as part of Jerusalem's "open fence" policy, said a Palestinian source. The Israelis have, during the past few weeks, increased their patrols inside Lebanese territory for fear of renewed guerrilla activity there and across the border into Israel. Renter adds: Diplomatic relations between Iraq and the U.S. will be restored shortly before the Geneva Middle East peace conference reconvenes. The weekly magazine al-Hawadess said here today. Quoting diplomatic reports, the magazine said that U.S. Secretary of State Cyrus Vance would visit Baghdad during his next trip to the Middle East.

Likud policy outlined

BY DAVID LENNON TEL AVIV, June 2.

MR. MENAHEM Begin, the leader of the Likud bloc, who is expected to be elected by the Israeli president to try to form a government, today presented a 15-point draft proposal for policy guidelines which he met representatives of the Democratic Movement for Change (DMC), which he hopes to persuade to join a new coalition. The draft is not specific on Israel's future borders and the establishment of Israeli settlements in the occupied territories. These are the two issues which are expected to present the Likud and DMC's negotiators with the most difficulties. One guideline holds that "the Jewish people's right to the land of Israel is eternal and cannot be contested." Another sets a

Angolans arrest Portuguese and rebels

By Diana Smith LISBON, June 2.

SR. PEDRO FORTUNATO, the former political Commissar in Luanda, the capital of Angola, has been arrested. Reports from Angola this afternoon said that Sr. Fortunato had Luanda when last week's rebel coup failed. He had apparently been acting on behalf of the rebel leader, Sr. Nito Alves, with a view to committing the city. Also, a former editor of the Luanda daily newspaper, Diario de Luanda, Sr. Virgilio Frutuoso, has been called for questioning by the Angolan authorities, along with other local Portuguese, apparently in connection with last week's abortive coup. It appears that one of the men arrested is Col. Joao Varela Gomes, well known in Portugal as a revolutionary leader in 1976. He left Portugal for Angola late in 1975 and has been living there ever since. In a recent speech, the Angolan President, Sr. Agostinho Neto, implied that "Portuguese extremists had supported the 'radicals' who deposed the coup attempt. Today's issue of the Lisbon radical left-wing weekly Pagina Um gives a detailed report of the origins and leading figures of the coup, apparently planned several months ago, in an attempt to eradicate the eros mulatto and white leaders of the ruling MPLA. The radicals, however, apparently conceded that Sr. Neto was the only figure who could rally popular support, and introduced to keep him in as president. Agencies add: Sr. Garcia Neto, the director of economic affairs at the Angolan Foreign Ministry, was one of several officials assassinated during last week's abortive coup in Angola. It was reported today by the MPLA.

RHODESIAN RAID Owen studying effects on peace initiative

BY OUR FOREIGN STAFF

WHILE RHODESIAN troops were heading home yesterday after their longest incursion into Mozambique, Dr. David Owen, the British Foreign Secretary, was assessing the repercussions of the raid on the current U.K.-U.S. peace initiative for Rhodesia. The government-influenced news commentary on South Africa Radio has drawn a clear distinction between "hot pursuit" which was, it claimed, "recognised under international law," and "maintaining troops on foreign territory which was not the raid itself, the U.K.-U.S. team which has been sounding out opinion in Southern Africa on the prospects for agreement on Rhodesia's independence. The Rhodesian Prime Minister, Ian Smith, has not budged from his insistence on a qualified franchise, while Britain supports the black nationalist demand for universal adult suffrage. As at the Geneva conference last year, control of the army and police during the shift to majority rule is another stumbling block. Mr. Smith feels that retention of his security forces would guarantee law and order. The U.K.-U.S. team feels that a "golden mean" should be found between this and the black demand for guerrillas to take over. A third sensitive area is the need for incentives and assurances to the 270,000 whites to stay on. But the issue is being viewed differently in Salisbury. It is argued there that, for Mr. Smith to be able to bargain at any constitutional negotiations, the Rhodesian security forces must have the upper hand. There is less enthusiasm for the incursion among Rhodesian business people, who are loathe to the view that the raid will do more harm than good to the

Martial law ruled illegal in Lahore

By Our Own Correspondent ISLAMABAD, June 2.

THE GOVERNMENT of Pakistan is likely to make an appeal to the Supreme Court against today's ruling by the Lahore High Court challenging the imposition of martial law in the city. Prime Minister Zulfikar Ali Bhutto clamped martial law on three of the country's biggest cities—Lahore, Karachi and Hyderabad—six weeks ago to check growing violence which threatened to topple his Government. Last month the Karachi High Court gave a different ruling when it upheld the validity of the constitutional amendment and suspended the hearing of petitions challenging the legality of martial law. The judgment assumes greater importance because of its timing. The long-awaited talks between Mr. Bhutto and the opposition parties in an attempt to resolve the country's three-month-old political crisis are due to start tomorrow. Withdrawal of martial law was one of the opposition's principal demands.

New talks on Namibia

BY JOHN STEWART CAPE TOWN, June 2.

TALKS ON the future of Namibia (South-West Africa), between South Africa and covoyers from the five permanent western members of the UN Security Council, will be resumed in Cape Town early next week, diplomatic sources disclosed today. After two rounds of talks, the five feel that some encouraging progress has been made, but obstacles remain in the way of laying down an agreed formula leading to self-determination and independence. The South African position has

Banaban terms for acceptance

Financial Times Reporter

THE BANABANS, whose Ocean Island home in the South Pacific has been devastated by phosphate mining, have said they will accept the \$6.5m. compensation on payment from the British, Australian and New Zealand Governments only on certain conditions. Their representative to London, the Rev. Tebuke Retan, said last night that the proposed fund must be controlled by the islanders' leaders and Ocean Island itself must be separated immediately from the Gilberts group of which at present it is a part.

Australian nuclear plan

BY KENNETH RANDALL CANBERRA, June 2.

THE AUSTRALIAN Deputy Prime Minister, Mr. Douglas Anthony will visit Japan this month to propose formally that the two countries negotiate a nuclear safeguards agreement along the lines of the Australian policy announced last week. The talks will be an important test not only for the Australian policy, but for President Carter's proposals for limiting the spread of advanced nuclear technology. Mr. Carter is relying heavily on joint marketing arrangements with Australia and Canada to give bargaining muscle to his

WORLD TRADE NEWS

Italy restricts imports of Japanese motorcycles

BY OUR FOREIGN STAFF

ITALY HAS decided to impose a temporary ban on all imports of Japanese motorcycles over 380cc., and some audio parts in an attempt to protect local production. The move is widely regarded as a retaliatory measure against Japanese trade restrictions which in the last few months have severely hit Italian industries, particularly the manufacturers of winter sports equipment, notably ski boots. Officials on both sides said this was the first case of retaliation in a trade dispute between an individual Common Market state and Japan, which denies it has put pressure on ski boot importers to curb imports from Italy.

Japanese Ministry of International Trade and Industry officials said they have not been notified officially by the Italian Government about the import restrictions. The EEC Commission informs the Japanese Embassy in Brussels on Wednesday that the Italian Government action, an EEC official said. As far as can be determined, the only public notice of the retaliatory measures against five Japanese products came on May 27 in the Italian Government's official gazette. The measures will restrict the import of Japanese motorcycles with engines larger than 380cc., motorcycle sidecars, audio parts for movie projectors, stereo turntable cartridges and video tape recorder recording heads. The Italian Foreign Ministry said yesterday that an import ban on certain Japanese goods, which is retroactive to January this year, would be enforced until the end of December. The temporary ban will affect in particular imports of Japanese motorcycles.

Tokyo flatly denies the charges

BY DOUGLAS RAMSEY IN TOKYO

Following Italy's decision about Japanese exports of motorcycles and some audio parts in retaliation against what Rome thinks are surreptitious government restrictions on Japanese imports of Italian ski boots, Japan's Ministry of International Trade and Industry (MITI) flatly denied the charges. MITI is studying the measures which it says were taken in the last few days without any official notification of the move to the Japanese Government. For now, none of these items are being granted import licences until quotas can be set. Italian sources in Tokyo say the measures were taken in retaliation against a reduction in Japanese imports of Italian-made ski boots. Last year Tokyo asked the EEC to voluntarily control its boot exports to Japan, worth ¥4.5bn in 1976. Brusaferri said no, as did Rome which accounts for 85 per cent of the EEC exports to Japan. In December, Italian exporters got a wind of alleged pressure being put on Japanese importers by MITI to reduce their purchases by 20 per cent. The EEC formally asked Japan to deny that such "guidance" existed, but has received no reply as of this evening, according to Community sources in Tokyo. Rome is understood to have informed the EEC Commission on May 25 of its action to restrict from June 1 Japanese motorcycle and tape-recorder parts imports. The EEC does not have to authorise such action when they take the form of retaliatory restrictions, as claimed by Rome. Japan's Foreign Ministry would tell this to-night, although it still had not got official word from Rome on the matter. MITI officials flatly deny that Tokyo has imposed any restrictions whatsoever on imports of ski boots. They say that flooding of the market last year prompted the request for an orderly marketing arrangement with the EEC, a request which was turned down. Since then one official insists, "we dropped the matter." Nevertheless, MITI did confirm that import consignments are well below last year's levels as a result of the flooding. Ski boot shipments, moreover, do not happen in a big way until September and October, leading MITI to the conclusion that Rome's import controls cannot be all justified as retaliation. A MITI source said, therefore, that Japan has "no choice" but to protest on the measures at GATT if they are not lifted promptly.

As Tokyo sees it Italy (and the EEC) is trading on thin ice and illegal ground by placing quantitative restrictions on Japanese exports. Japan's motorcycle exports now valued at ¥2.4bn last year, or less than one per cent of Japan's exports to Italy. On the other hand, Italy exported roughly \$11m. worth of ski boots to Japan last year, a little over 2 per cent of Italian sales in Japan. Italy stands to lose relatively more if its retaliatory action leads to one by Japan on ski boots—a possibility which MITI officials would not preclude. Although motorcycles only represent one per cent of Japan's exports to Italy, Japanese makers claim 85 per cent of the market for large-size cycles. In 1976 Japan exported ¥7bn. worth of such motorcycles (over 250 c.c.) to Italy, almost all of them in the 380 c.c. and above class. (Below 380 c.c., they have been under strict control since the early 1970s in order to protect Italy's motorcycle manufacturers.) Now, Italy has decided to reject all incoming motorcycles from Japan above 380 c.c., licensing and made it clear importers that no licences will be granted until quota ceilings for the year can be set. The increase in Japanese sales to Italy of tape recorder sets was more marked, though small in volume compared to motorcycle exports. In the exports of these parts double from ¥390m. to ¥770m. Thus, MITI thinks that Rome is using a trumped-up charge of retaliation, to effect, as a means for protecting Italian industries from the large imports made last year by Japanese motorcycle and stereo parts makers.

EEC concern over repercussions of U.S. Steel case

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT BRUSSELS, June 2.

CONCERN IS mounting in the EEC capitals that trade relations with the U.S. could be gravely damaged if U.S. Steel wins its current legal challenge over the remission of value added tax on European steel exports worth about \$1bn. a year. The Zenith decision is now being appealed by the U.S. Treasury and President Carter has assured the EEC that his Administration will also oppose U.S. Steel's case. But if the American company's legal arguments are upheld by the courts in the final analysis, the EEC would have no option but to seek an amendment of the U.S. tax laws by Congress. Governments of the Nine have agreed informally to co-operate in organising a lobbying campaign by their Washington embassies to try to convince members of Congress of the potentially serious consequences of the court cases. They are said to have won an influential convert in Congressman Charles Vanek, chairman of the Trade-Subcommittee of the House of Representatives Ways and Means Committee. By letting it be known that the EEC will not shrink from retaliation, if necessary, the Commission is also trying to prepare the ground for an eventual approach to Congress. Ironically, the American protectionist threat has thrust the Community into close collaboration with Japan, with which it is still in conflict over mutual trade questions. The two sides have been co-ordinating their response within GATT.

NORTH-SOUTH: WHERE THE DIVISIONS LIE

Two of the main issues at the Paris Conference on International Economic Co-operation are commodity price support schemes and debt relief for some of the less developed countries (LDCs). The third world participants are seeking a \$6bn. common fund to finance the buffer stocking of certain key commodities. Some of the basic statistics about these commodities are given on the far right in Table 1. Table 2, lower right, shows the cost of debt servicing in terms of a percentage of exports for a selected list of LDCs. This percentage can change rapidly as a country heavily dependent on the export of a single commodity (say Zambia and Zaire in the case of copper) finds world demand falling or rising.

Common fund 'test case'

BY DAVID HOUSEGO

IN PRESSING so hard for the establishment of a common fund, the developing nations have seen it as a test case of the willingness of the industrialised world to reform the international economic order. As originally conceived the fund would be used to buffer stock 18 commodities of which UNCTAD picked out ten as being "hard core" and thus deserving priority treatment. The fund records production during the boom year of 1973, as sugar and cotton, both of which are heavily produced in the West. The economic arguments for setting up a common fund—which have been partially accepted by the industrialised nations—are that both producers and consumers stand to gain from a stabilisation of prices; that a buffer stock could bring in more cash than individual commodity agreements because the surplus from the sale of one product could be used to underpin another. Western objections to the fund have shifted from outright rejection by the U.S. and West Germany as running counter to market forces to fears that it would push up commodity prices to unrealistic levels. The West has also argued that buffer stocks are suited only to certain commodities like tin, rubber, coffee, and cocoa. It believes as well that the \$6bn. sought by the developing nations is dangerously excessive.

KEY COMMODITIES

Table with 4 columns: Commodity, Total world production 1973, Leading share of production, Main importer. Rows include Tin, Copper, Rubber, Steel, Jute, Tea, Cocoa, Coffee.

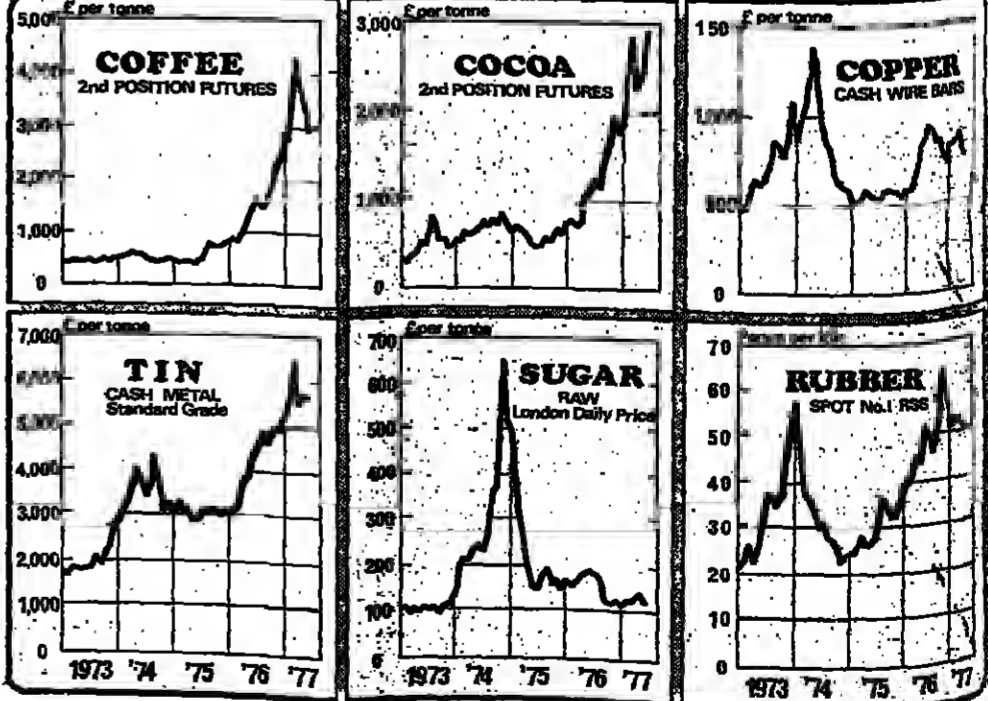
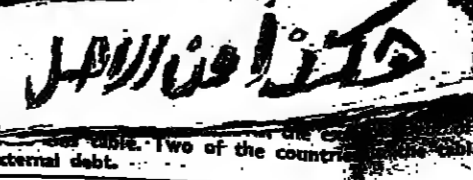


TABLE 2: EXTERNAL PUBLIC DEBT OUTSTANDING OF SELECTED DEVELOPING COUNTRIES END 1974. Table with 4 columns: Country, Disbursed only (U.S. \$ millions), Total, Service Payments as % of exports.



HOME NEWS

Six part-timers on Board of Shipbuilders

ROY ROGERS, SHIPPING CORRESPONDENT
VICULTY IN finding suitmen willing to run Britain's nationalised shipbuilding industry has forced the Government to announce a largely part-time Board for British Shipbuilders...



Terry Wiles, a thalidomide victim, was at the John Player-British Genius Exhibition, Battersea Park, London, yesterday displaying his 'Supercar'...

£40m. offer for estate turned down

BY QUENTIN GURDHAM, PROPERTY CORRESPONDENT

AN OFFER of over £40m. for the Knightsbridge Estate has been turned down. The bid for the estate taking in the properties between Sloane Street and Harrods on the south side of the Brompton Road, London, S.W.1...

MoneyBuilder builds your savings at 8.25% = 12.69%

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Methven its EEC patent proposals

A. H. Hermann, Correspondent

EEC draft regulations intended to exempt certain types of licensing agreements from notification procedures was up by the wrong people in wrong reason, according to John Methven, director of the CBI. It would encourage licensing and technology transfers in the Community...

Post Office cuts in orders justified, report concludes

BY MAX WILKINSON

MR MICHAEL POSNER'S report on the Post Office's cuts in the ordering of telephone exchange equipment finds no commercial grounds for alternative action. He finds that 60 per cent of the reduction in orders for the three years 1977-78 to 1979-80 was attributable to new methods of traffic forecasting...

Burmah Oil will pay \$10m. to Seatrain

BY ROY ROGERS, SHIPPING CORRESPONDENT

THE DISPUTE between Seatrain Lines of the U.S. and Burmah Oil over a broken oil tanker charter has been settled out of court—at a cost of \$10m. to the British company.

Legal wrangling between the two companies started in 1973, when Mr. Elias Kulukundis, then president of the Burmah Oil Tanker Company, violated a charter party agreement by refusing to deliver a tanker which was to have been chartered to a Seatrain subsidiary.

The vessel was diverted to Exxon at far higher rates than those agreed with Seatrain. Last month the U.S. District Court in New York awarded Seatrain damages of \$8.6m. Judge Marvin E. Frankel said: "The Burmah people had sought to escape their plain obligations and seize an advantage in a steeply rising tanker market."

Mr. Kulukundis resigned from the company in 1975 when it ran into financial difficulties, largely due to over-commitment by his shipping division.

Criteria for investment spending in the public sector. Post Office orders for Telecommunication Switching equipment. Report to Secretary of State for Industry.

Value. He finds no reason to challenge the Post Office's view that the price elasticity is relatively low. "If customers place a rather low value on increased total traffic, it is not wrong for the Post Office to place a low value on the purchase of extra new equipment."

"I conclude that it is not possible to fault the presumption in favour of the Post Office's ordering decision on the grounds that their pricing policies may be wrong."

The fall in demand for telephone traffic compared with the expectations of the beginning of the decade meant that it was no longer necessary to extend Strouger and Crossbar exchanges to the extent originally envisaged.

Mr. Posner attempts a cost benefit analysis to find out whether the Post Office should have ordered more equipment even if it had been the owner of the supplying companies. He suggests two possible exceptions:

1. Bringing forward the small stream of Strouger orders. This would help the factories making the equipment to the short run but would result in a sharper cut-off later on with higher redundancies and greater disruption. The cost to the Post Office would be about £5m.

2. Restoration of some of the cuts on TXE4 equipment, if the Government agreed to revise the

But the oil group has hinted that the order might not be placed in Britain. A number of overseas yards are being invited to tender.

All four U.K. yards capable of building steel platforms are in the running: Highland Fabricators at Mill Bay, Largs Offshore at Graythorpe; McDermott at Ardara; and Redpath Dorman Long at Methil.

RDL and Lasing Offshore are without any orders at present although they are among companies bidding for the Marchion Field platform. HiFab is also without a firm contract although it has a letter of intent to build another platform for the Ninian Field.

Texaco seeks tenders for Tartan platform

By Ray Dalter, Energy Correspondent

TEXACO is to invite tenders for a Tartan Field production platform within the next fortnight, a potential order that could give one of the U.K. platforms yards a much needed boost.

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DAILY FLIGHTS TO NEW YORK. Now Iran Air have flights to New York every day of the week. All by Jumbos. Either our latest plane, the 747-200B, or the 747SP, the 'Special Performer'. All leaving Heathrow at 14.15. And arriving at 16.45 at JFK's speedy Worldport terminal. For details, or to make reservations, see your travel agent.

IRAN AIR The world's fastest growing airline. Now Iran Air have flights to New York every day of the week. All by Jumbos. Either our latest plane, the 747-200B, or the 747SP, the 'Special Performer'. All leaving Heathrow at 14.15. And arriving at 16.45 at JFK's speedy Worldport terminal. For details, or to make reservations, see your travel agent.

NSM. Issued by New Smoking Materials Limited. Research has shown that when NSM burns, it produces smoke which is different in both its nature and its effects from that produced by Virginia tobacco: 1. NSM produces less than one-third as much tar. 2. NSM produces not just less tar but tar which is about one-third as biologically active (when measured by a standard mouse skin painting technique). 3. NSM produces a less irritant smoke. The extent to which these attributes of NSM are effective in a product made from a blend of NSM with Virginia tobacco will depend on the specification of the cigarette and the proportion of NSM and tobacco in the blend. Cigarettes containing NSM tobacco substitute will be available in July.

HOME NEWS

Public sector debt less than expected

BY MICHAEL BLANDIN

THE PUBLIC sector borrowing requirement in the past financial year was £8.75bn, according to the latest estimate published by the Central Statistical Office. This is below the estimate of £9.5bn given at the time of the Budget at the end of March. The new figure provides final confirmation that the outcome for the last year was well below earlier forecasts—recently as mid-December, the Treasury was predicting a borrowing requirement of £11.2bn. The result could provide further support for the views in the City and elsewhere that the projections for the current financial year may turn out to be too high again, and that there is therefore room for some refutation of the economy within the present targets.

Ratepayers 'face confusion' over notional home values

BY STUART ALEXANDER

THE NOTIONAL VALUE of houses, on which future rate demands will be based if proposals in the recent Green Paper on local government finance were accepted, will be far different from the actual price paid, Professor Christopher Foster, director of the Centre for Environmental Studies, said yesterday. What was proposed, he told delegates to the Chartered Institute of Public Finance Accountants annual conference in Eastbourne, was far different than the simple outline people had been given.

April house-building activity continues better trend

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE IMPROVEMENT in house-building activity recorded in March continued into April, according to provisional figures from the Department of the Environment. Statistics show that during April a start was made on 27,700 homes in Great Britain, compared with 22,800 in the previous month. The figure is still well down on the levels recorded a year earlier—starts last April reached 30,500—but it indicates an improvement over the more recent poor rate of output. Starts in January, for example, were only 15,700.

Price Commission curbs cement price increases

BY OUR BUILDING CORRESPONDENT

THE PRICE Commission yesterday issued a statement pointing out the latest round of price-increases announced by the cement manufacturers were substantially lower than had been caused by its intervention. The commission normally publishes monthly lists which contain details of its interventions in price rise applications, but on this occasion it has clearly wanted to dispel any impression that the cement makers had been given approval in full for the price increases they sought.



Mr. Tony Garrett, chairman of Imperial Tobacco, who described the new product launched yesterday as 'the culmination of 18 years' work.'

Imperial to launch six New Smoking Material brands

BY STUART ALEXANDER

IMPERIAL TOBACCO is expected to launch a heavy advertising campaign in the near future in support of its new brands of cigarettes containing New Smoking Material. The six varieties, which include two types of Embassy, have been split evenly between W. D and H. O. Wills and John Player. All except one will fall into the low-tar bracket and all will contain 25 per cent of the cellulose-based substitute, developed jointly by Imperial and ICI and manufactured at Ardeer, in Scotland. While already announced rivals launched by Gallaher and Rothmans—all are expected to be on the market from July 1—have been restricted to king-size cigarettes, the Imperial brands will cover all sectors. Lighter blue For Wills there will be Embassy Premier, a standard size filter cigarette, and Embassy Premier King Size. At the same time the company is to launch an entirely new brand, President King Size, which will fall in the low-to middle tar group. From Player there will be New Smoking Material versions of No 19, No. 6 and John Player King Size, which will be marketed in a lighter shade of blue to distinguish them from their all-tobacco stablemates. Although the New Smoking Material will mean that these cigarettes are generally in a lower tar bracket than their all-tobacco equivalents, their tar delivery will still in many cases be no less than existing very mild cigarettes.

Herring fishing ban urged

By Ray Parman, Scottish Correspondent

A COMPLETE BAN on herring catches in the North Sea, at least until the end of the year, was urged yesterday by the chairman of the Government's advisory Herring Industry Board.

Dr. W. J. Lyon Dean said that the ban should be enforced by the Royal Navy if necessary. Stocks had fallen so low that the fish was in danger of extinction. Unless the EEC Fisheries Ministers could agree at their meeting on June 27 to suspend fishing within 200 miles of the coast of Britain, the U.K. should impose a ban unilaterally.

The Government should also act to protect insubordinate fishing by declaring a 50-mile exclusive limit for British vessels so that the size of catches could be controlled. 'We must do these two things and keep these measures going long enough to give us all time to prove that conservation works, prove that the British can manage a conservation policy on marine life, and give adequate time for the Community to work out a fair and reasonable common fisheries policy.'

Subsidy

'Let us get away from the present phase of ad hocery and short-term compromise. How can business prosper if no one knows where and in what quantities his next month's raw material is to come from?'

Dr. Lyon Dean said that the effect of a ban would be to force the herring fleet inshore to the Clyde, the Isle of Man and the Minch, or change to fishing for sprats, mackerel or white fish.

Some hosts would have to be tied up and their operators should receive a subsidy.

The quantity of fish going to the processors would be cut to about 60 per cent—enough for the domestic market—but not enough for export. Prices, which were already high would be bound to rise and perhaps double by next year.

Asked about the problems of enforcing the ban, Dr. Lyon Dean said that the fishery-protection service had improved tremendously recently and the new, island-class ships were fast enough to outrun all but a small percentage of foreign trawlers fishing in British waters.

New waveguide phone link given go-ahead

BY KEVIN DONE, INDUSTRIAL STAFF

THE POST OFFICE has decided to go ahead with the world's first commercial use of the waveguide phone system in a £7m project that will link Reading and Bristol. The system has been developed from the start by the Post Office's research department in collaboration with Marconi and BICC and provides a communications highway capable of carrying half a million calls at once. The Bristol-Reading link is due to come into operation in 1983. Sir Edward Fennessy, managing director of telecommunications, said yesterday that the system was 'in advance of anything comparable anywhere else in the world.'

Severn-Trent water bills will be cut

BY IAN HARGREAVES

CUSTOMERS of the Severn-Trent Water Authority will have their bills reduced next year as a result of a ruling yesterday by Mr. Denis Howell, Minister at the Department of Environment. Mr. Howell told the authority that the £21m surplus it earned in the last financial year, which amounted to 11 per cent of its turnover, had to be returned to consumers immediately under the terms of a Government ruling that only surpluses equivalent to 2 per cent of date repayment to customers.

Shipping chief calls for talks on over-capacity

BY ROY ROGERS, SHIPPING CORRESPONDENT

A FORUM comprising European shipowners, shipbuilders and charterers is to consider the problem of worldwide shipbuilding over-capacity while maintaining 'reasonable' shipbuilding facilities, was suggested yesterday by Mr. Ross Bech, managing director of the Scott Lithgow Group. Speaking at the launching of the 18,300 d.w.t. general cargo vessel Druva from the group's Kingston yard, Port Glasgow, he called for a 'sensible' scrap and build-programme and the more speedy adoption of segregated ballast tanks — now widely advocated as a major vessel safety and anti-pollution precaution.

CBI job for ex-TV reporter

BY MAX WILKINSON

A FORMER television industrial reporter, Mr. Richard Dixon, is to become the CBI's director of social affairs later this year in charge of the Confederation's policies on employment, labour and allied subjects. At present Mr. Dixon, 42, is the CBI's director of information, a post he took up in 1973 after 14 years with Independent Television News, 10 of them as industrial correspondent. His new appointment, which starts on September 1, follows the departure to a government post in Canada of the former director of social affairs, Mr. Eddie Robertson, and the retirement at the end of December of Mr. Alan Swindon from being the CBI's chief adviser on social affairs.

would drift in and out of the projects.

THE MANAGEMENT of Safeway, the American-owned supermarket chain, has run into trouble with the General and Municipal Workers' Union over the company's proposals to amend the company pension scheme.

THE HOLLAND Report's £158m plan to provide occupations for jobless teenagers was the 'best attempt' yet to give Britain a basic education system for those who fail to profit from academic school curricula, a London conference was told yesterday. But Mr. Jeremy Harrison, assistant director of the Young Volunteer Force, told the conference unless there were also a co-ordinated programme of counselling, which would best be carried out by the Careers Service, the £230m company anti-youthers for whom the Holland plan aims to cater annually.

SCOTT LITHGOW has been awarded a Ministry of Defence design development contract for a seabed operations vessel which will be used to carry out maintenance work on the 23000-tonne oil tanker company anti-youthers for whom the Holland plan aims to cater annually.

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NEWSPAPER SUBSIDIES IN EUROPE

'Dangers' of State aid to Press

BY MAX WILKINSON

ANY subsidies for the British Press should be accompanied by careful thought about safeguards of editorial freedom, says a report published today by Political and Economic Planning. The report is based on a survey by Mr. Anthony Smith of Press subsidies in 13 European countries. Mr. Smith found that all the countries subsidise their Press, mostly because governments believed a diverse Press was an essential part of their countries' political life. 'Each country which has in the present decade initiated discussion about the need for newspaper subsidies, or has instituted a set of subsidies, has done so in circumstances of extreme alarm.'

The closeness of the relationship between the party system and the Press structure in many countries has led in the assumption that the death or transformation of the Press will lead to the destruction of political freedoms. 'An objective Press, it is widely felt, requires to be a diverse Press, and that means that all sorts of enterprises which in economic or diachronic terms have been wiped out by their competitors must somehow be kept in existence.' The widespread practice of subsidising newspapers had not, so far, resulted in an erosion of editorial freedoms, partly because the institution of subsidies was accompanied by special safeguards of newspapers' independence. 'In all cases there has been heart-searching as to whether such a subsidy might defeat its own object and create avenues of government or official interference in content. 'In no country, however, in which such subsidies have been

Table with 12 columns representing countries (France, Germany, Italy, Sweden, Norway, Denmark, Finland, Holland, Belgium, Switzerland, Austria, Ireland, Britain) and 16 rows representing types of subsidies (VAT concessions, other tax concessions, direct grants, low-interest loans, postal concessions, telephone and telegraph concessions, rail concessions, transport subsidies, government advertising, training and research grants, newsagency subsidies, subsidies to political party organisation, joint distribution, joint production). Symbols indicate the presence of each subsidy type in each country.

Some of the schemes of subsidy operated on the Continent would not be easy to import to the U.K. because of the much larger circulations of many British papers. There was a strong case for channelling subsidy towards helping newspapers to become more efficient, rather than helping them to survive with absolute printing practices, said Mr. Smith. 'Subsidies and the Press in Europe' by Anthony Smith (PEP).



THE WOOL AND SYNTHETIC TEXTILE GROUP

Salient points from the statement by the Chairman, Mr. G. M. Warry:-

- ★ Pre-tax profits increased from £624,000 to £1,438,000.
★ Maximum permitted dividend recommended.
★ Profits expected to be no less in the current year.

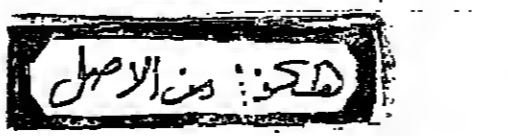
RESULTS IN BRIEF

Table with 3 columns: Group sales, Profit before tax, Taxation, Profit after tax (including extraordinary items 1976), Earnings per 20p share, Dividend per 20p share, Net assets. Rows compare 53 weeks to 3 Apr 1977 and 52 weeks to 28 Mar 1976.

Copies of the report and accounts can be obtained from the Secretary, Bulmer & Lumb (Holdings) Limited, Buttershaw, Bradford BD6 2NE.

PROVINCE OF NOVA SCOTIA 7 1/2% 1972-1987 FF. 100,000,000 loan

FF. 3,000,000 of the issue due for redemption on 15th July, 1977, has been repurchased in the Market. The amount of the issue outstanding after 15th July, 1977, will be FF. 88,000,000. Faving Agent: BANQUE DE PARIS ET DES PAYS-BAS POUR LE GRAND-DUCHE DE LUXEMBOURG.

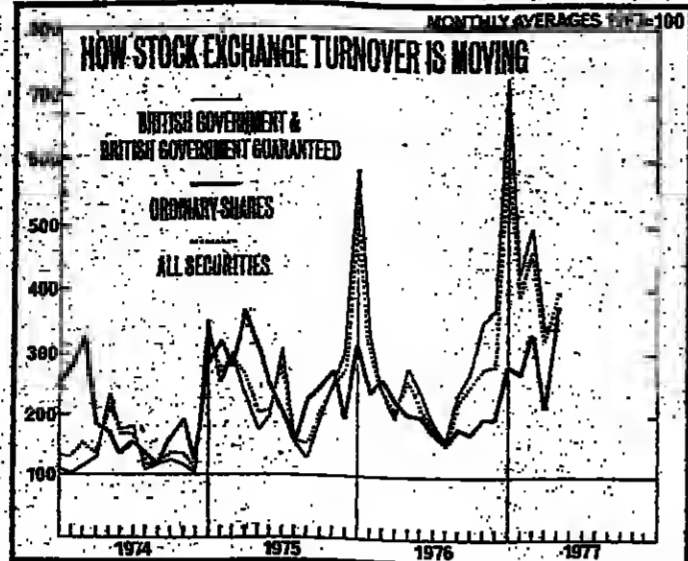


STOCK EXCHANGE BUSINESS IN MAY Equity turnover jumps to record £2.13bn.

BY GEOFFREY FOSTER

THERE WAS a strong upsurge in the equity sector of the Stock Exchange in May, when institutional demand pushed turnover to a record £2.13bn.

The number of equity bargains rose by 153,708 to 470,058, the highest monthly total since April 1975, and the average value per bargain was £716 higher at 453p.



Factors behind the buying included an announcement that the Government will be forced to control prices of most margos and dividends are to be extended beyond next August, a good set of April trading results, excellent preliminary results from Courtaulds and a first-quarter performance in ICI.

The FT Industrial Ordinary Index from an end-April level of 432.8, bounded to a year peak of 477.4 on May 19th and fell away to close the month at 443.5.

Table with columns: Category, Value of purchases, Number of bargains, Average value per bargain, Average value per day, Average value per month.

APPOINTMENTS Ultra Electronic Board post for Dowty executive

Mr. Derek J. Kingsbury, deputy chief executive of the Dowty Group, has been appointed to the Board of ULTRA ELECTRONIC HOLDINGS.

Mr. Hans Jacoby a director of Cojana International, has become chairman of the CLOTHING EXPORT COUNCIL.

Mr. R. Fitzgerald has been appointed by HYTRAC CONVEYORS to be chief executive of a new division which is to concentrate solely on the production and marketing of document handling systems.

Mr. Peter H. Katz, a director of the METTOY COMPANY, has been appointed managing director from July 1.

Mr. S. J. Robson and Mr. A. W. R. Cameron have been appointed to the Board of CAIR-REX (HOLDINGS).

Mr. D. W. Lingscombe has been appointed deputy chairman of ALBRIGHT AND WILSON and continues as managing director.

Mr. Leonard T. Perceval has been appointed managing director of MONAGERS SHELFIELD from June 13.

Mr. Herbert Walkinshaw has been appointed chairman of LYLE SHIPPING COMPANY and continues as managing director.

Mr. G. Naggar has been appointed deputy chief executive of the LEYLAND HOLDINGS and KEYSER ULLMANN LIMITED.

NEWS ANALYSIS—DOMESTIC HEATING It's cold comfort

BY DAVID FREUD

THE CRITICAL state of the domestic heating industry has been underlined by events at the two large manufacturing concerns in the past 11 days.

The appointment of receivers at both Dimplex Industries and the Pennox Group is only the tip of an iceberg which encompasses merchants and installers as well as manufacturers.

Retailers Discount Heating Supplies crashed in February with total debts of £500,000 and Mr. Cyril Brown, president of the National Federation of Builders and Plumbers Merchants, said there had been more failures in the merchant industry in the last year than in the previous 10.

While a few companies have managed to remain healthy, most have suffered severely since 1974. The market has contracted in the last three years, mainly because of the slump in house-building.

In the peak year of 1973, there were about 700,000 installations of central heating systems. Last year the figure had declined to 500,000 and is expected to be no more than 450,000 in the current year.

The same story is reflected in value terms. The domestic market was worth £100m. in 1973 and was worth only £140m. in the last year. Prices have fallen by inflation—a real decline of about 15 per cent.

compensation will be seriously affected. Six companies now dominate the Heating and Ventilating Contractors Association, and several have suffered losses and reduced profits in the past year.

Another large company, Kirky Manufacturing and Engineering Company, the workers' co-operative whose main product is radiators, obtained a further State grant of £860,000 in April, after an original grant of £3.8m. in January 1975.

The boating section of Birmid Qualeast, consisting of the Pottorun subsidiaries, made a loss of £0.4m. in the 52 weeks to October 1976 on a £20.6m. turnover.

The figures for Tube Investments are difficult to disentangle from the domestic appliance sector where profit was down in 1976 at £1m. compared with £3.6m. in 1975. However, with a third of the gas boiler market, the company is doing fairly well in this field.

Myson Group profit fell back in 1976 to £1.8m. after £2.8m. in 1975. However, Myson is well diversified, with interests in heating, ventilation, commercial refrigeration, air conditioning and industrial heat transfer equipment. Overseas revenue alone totalled £10m. in 1976.

Both Baxi Heating, manufacturer of the successful Baxi boiler, and Stalco, subsidiary of Metal Box, appear to be doing well despite the difficulties.

Table with columns: Company, Owned by, Turnover, Products. Lists companies like Baxi Heating, Myson Group, Pottorun International, etc.

NOTICE OF REMEDY To the Holders of Occidental Overseas Limited 10% Guaranteed Notes due 1981

NOTICE IS HEREBY GIVEN that in accordance with the provisions of the Indenture dated as of July 1, 1975 of Occidental Overseas Limited and Occidental Petroleum Corporation to Marine Midland Bank (formerly Marine Midland Bank-New York), as Trustee, \$1,800,000 aggregate principal amount of Notes will be redeemed on July 1, 1977 (herein called the "Redemption Date") at 100% of the principal amount thereof without premium pursuant to the Sinking Fund provisions of the Indenture.

Large table with columns: COUPON NOTES OF \$1,000 PRINCIPAL AMOUNT OUTSTANDING. Lists various coupon numbers and amounts.

ENTERTAINMENT GUIDE

Table listing various theatres and their current productions, including venues like the Royal Opera House, the Old Vic, and the National Theatre.

THEATRES

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

ELECTRONICS

New cassettes to be offered by Philips

BASED ON the success of its digital cassette recorder, DCR 1, tens of thousands of which are now in operation throughout the world, Philips is introducing a whole new range of digital cassette recording equipment. All units fully comply with the relevant ECMA standards governing magnetic tape cassette parameters and the methods of recording, replaying and file structuring.

Market trends show there is an increasing need for low-cost data storage medium offering serial registration without random access. It is the claim of Philips that its digital cassette technology offers the best cost-to-performance ratio and that the cassette medium will become an even more attractive alternative to such media as paper tape, punched cards and cartridge due to the convenience of handling, the compliance with ECMA standards and the low price.

The range comprises the DCR 3 digital cassette recorder which is also available without electronics and known as the DCT 3, two versions of the DCR 4 digital cassette recorder and two intelligent cassette terminals, types LDB 4101 and LDB 4201.

The DCR 3 succeeds the DCR 1 and can be used in all original equipment at present utilising the DCR 1.

The DCR 4 is a low cost, uni-directional drive system available in a write-only version (data collection for statistical purposes) and a read-after-write version (higher data integrity). CMOS electronics ensure low power consumption. To cater for OEM's wishing to integrate the Philips drive assembly into a system of their own design, the DCT 3 provides a high quality digital cassette transport.

Data logging requirements as met in applications like electronic cash registers and automatic test and measuring systems, can be solved with the LDB 4101. This is a write-only cassette system.

LDB 4201 is a read-after-write cassette input/output system available in serial, current and parallel interface versions. Higher data integrity through an error correction system together with micro-processor control permit the LDB 4201 to be used in on-line and off-line data entry and data preparation applications.

Philips is also investigating the possibility of using mini-cassette drives for recording digital information.

Further details from Philips at POB 823, Eindhoven, The Netherlands.

METALWORKING

Matching tools and presses

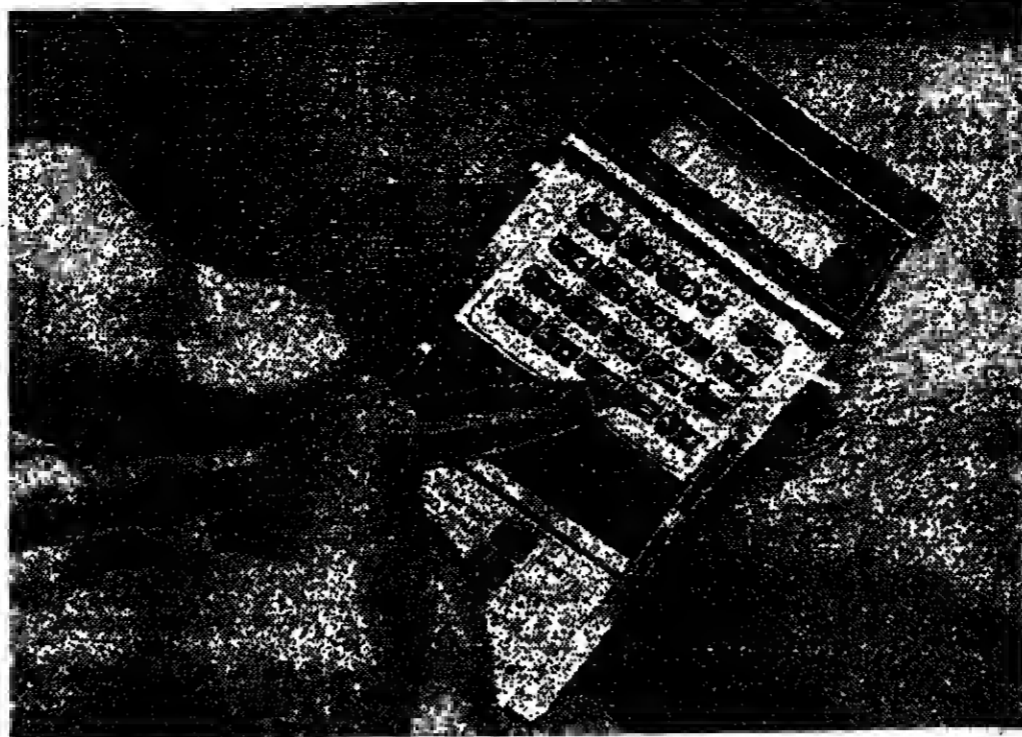
PRESES complete with tooling are being offered on a package deal basis as a service to users who have only limited tool-making facilities.

F. J. Hare of Wrington is offering the arrangement as a sequel to its acquisition of Wavern Designs. It will help customers to avoid complications by ensuring that tools made by outside sub-contracting tool-makers are properly designed for the characteristics of the press in use.

For some years, Wavern has specialised in design and production of press tools and special purpose machinery for assembly and second operation work and a great deal of the company's effort centred in Hare presses.

Advantages of an integrated press and tool facility are clear. At the quotation stage, liaison between designers in the two companies will ensure a better match. After manufacture the presses can go to the Wavern facilities where tooling will be assembled and tested so that the press can be delivered to the end-user as a finished product. The production engineer in the company taking the service will thus not have the worry of marrying tool and press made by separate companies.

Further information on the service from P. J. Hare, Wrington, Bristol BS18 7NL.



First combined scientific "slide-rule" calculator and digital watch on the market to use liquid crystal display techniques is the unit shown above, designed as a demonstration project by National Semiconductor engineers. Two programmable large scale integrated circuits are behind the development, enabling the unit to provide a six digit continuous display of hours, minutes, seconds, month/date calendar, AM indicator and dual night viewing lights. The calculator section offers scientific notation, trig and log functions and the keyboard is activated by pen or pencil, the first touch of any key switching out the watch display

without interfering with the timekeeping function. At the end of a calculation the first six significant figures are shown, the next six being called up if required at the touch of a button. The keyboard is also used for setting the watch and it can be employed to store a telephone number, a price or whatever in memory. An alarm function has been built into the unit though it has not been fully implemented with an indicator. And as the operation of the calculator is conducted through a read-only memory, redesign for financial, statistical or other types of calculations is a matter of reprogramming and changing the notations on the keyboard. National on 0234 21162.

SERVICES

Keeps track of valuable equipment

BANISTER PRICE Services which provides support to pipeline engineering contractors Banister-Price International, is using a computer service from CMG Computer Management Group (Southern) to track the location and value of millions of pounds worth of equipment used in its operations all over the world.

The parent group, which has won major contracts in the oil, gas and energy-related spectrum, is currently active in the Middle East. During the last two years it has laid some 500 miles of oil pipeline in Iraq.

Much of its equipment is highly specialised, very expensive, and carries heavy insurance. The company must have full statistical information on all assets ranging from track tractors, steel buckets and fuel tankers to steel buildings, living accommodation and office equipment.

The assets register developed by CMG consultants allows it to maintain comprehensive records. Each month a bureau computer search gives details of equipment as model number, description, capital cost, monthly accumulated depreciation and the new book value.

More from CMG on 01-856 826

A friendly reliable service with GKN Bars and Sections

GKN (South Wales) Ltd. Tel: 0223-53000

COMPONENTS

U.S./Europe connection

BELLING-LEE has a means lead bean standard free connector on one end and a standard American standard three-pole moulded plug on the other, so of enabling European electrical appliances exported to North America to be connected directly to the mains supply.

The American standard V ac. Great Cambridge Road meet UL 498 and CSA C22 No. 21 specifications and the Euro-5383.

TELEVISION

Teletext decoder

A NOTABLE reduction in the cost of displaying the BBC and other teletext transmissions on a domestic television receiver can be realised using a kit offered by Videocraft of Elverton Street, London SW1P 2QR (01-828 2731).

For £180 (ex VAT) the company will supply an assembled decoder and tested Texas Instruments T147 module, power supply and interface module in kit form, an assembled and tested cable-connected remote control and complete instructions for installation in most common television receivers.

The company claims that

COMMUNICATIONS

No exchange required

AN INTERNAL telephone code numbers, one of which exchange, which eliminates the need for trying to locate a person on different extensions, has been developed by Mr. Dan Nisenzon, a 26-year-old student at Ben Gurion University of the Negev, Beerseba, Israel.

The system is based on a single trunk or separate cable from which all calls are directly transferred to the required extension without the need for a central exchange. Each person in the factory, or hospital, is assigned a code number. When he goes to an office other than his own, he feeds his code number into the extension there, whereupon all calls to his office are automatically transferred to the one he is visiting.

Each extension within the system can register up to eight

Slides from disc store

ONLY of interest for the time being to professional broadcasters due to its cost—but a clear enough portent for the growing photography — electronics contention in consumer areas—is a system from the U.S. that allows, in effect, 400 colour slides to be recorded and played back from magnetic discs.

In the Arvin Echo Frame-Stor system, offered in the U.K. by Crow of Reading, each complete frame is recorded on a separate track of a double-sided interchangeable flexible magnetic disc which can store up to 200 frames on each side—the equivalent of 400 colour slides. Recording is direct from a camera without any kind of processing and playback of any one of the frames on one side is by pressing

PROCESSES

Dipping plant

A VERTICAL dipping plant for the application of protective coatings and adhesives to a wide range of components has been developed by Berridge Engineering, Queens Road East, Beeston, Nottingham (0602 258291).

In its simplest form, it comprises a dipping tank with a twin blade agitator driven by an air motor, a variable speed endless conveyor, and totally enclosed flash off and drying sections with a high velocity air flow.

It can be used as a single production unit, or as part of a production line. If used as a single unit, the components are loaded manually on to flight bars, which can be spaced to fit the product. Speed of the conveyor is adjusted to suit the type of finish required. Only one operator is needed.

Ovens can be provided with hot air recirculation or convection, using electricity, gas, oil or steam as the heat source.

COMPUTING

Easy fault recording

THE task of providing data from heavy vehicle goods testing stations so that it can easily be fed into the Department of Transport's ICL 1904 computers has been simplified by the use of optical mark reading.

Results of the million or so tests conducted each year are now to be recorded on a simple form containing 150 possible marking positions denoting features relevant to pass or failure. Thus the test engineers can do the paper work on the spot using no more than a felt tipped pen.

STATISTICAL

packages

AVAILABLE on the group's ICL 1806S computer, STATICE is a comprehensive collection of routines offering computer facilities for observation data to be used in various types of calculations and analyses. It is ideal for use by market and operational research executives, statisticians and mathematicians.

Available from Computerline, the major multi-access bureau which operates in association with the Plessey Company offers both simple routines, which produce a single solution, and complex routines offering the user many choices.

SAFETY

Sees onset of fire

PUT ON the market by Bowcom Electronics is the Helios self-contained detector unit which is able to sense the imperceptibly small concentrations of atmospheric impurities that occur at the earliest stages of combustion, before either visible smoke or heat become apparent.

The detector is an ionised air type powered by an internally housed nine volt alkaline battery and equipped with a built-in electric horn which continues to sound until the smoke clears. No external connections are required and the unit, which is

TWO NEW

memories

INTEL has announced a pair of memory systems, one for use where non-volatile assurance is essential, the I2-8100, and another for OEM applications needing capacity in excess of 128 kilobytes, the I2-1600.

The non-volatile unit can store 4,096 bytes and will retain data for a minimum of 95 hours after power supply failure. It contains a nickel cadmium battery and an interface which senses loss of power and puts the memory on standby power. An array of the company's 5101 CMOS static random access chips is used.

HANDLING

Fillers for sticky food

EASY TO CLEAN filling units from National Instrument Company, marketed in the U.K. by Hartfield Machinery—part of Cowan de Groot—are designed so that all mating parts can be assembled or disassembled by simply inserting one in the other and twisting. No threaded parts are used.

"Quick-Loc" units are particularly easy to disassemble and clean after completion of a production run. They will dispense accurate, preset volumes of any liquid product, including clear liquids, suspensions, and products containing semi-solids such as meat sauce, pizza sauce, apple sauce, etc. Ten sizes are available to cover a range from 0.1cc to 10cc.

They have self-priming piston type metering pumps, and will dispense from a floor level drum, an overhead reservoir or a pressurised source.

The units can be powered from any rotating or reciprocating drive and all parts in contact with the product are in stainless steel.

More from the company at 2/3 Queen Mary's Works, Watford, Herts. Watford WD17 7FS.

Pulse generating unit

UNIVERSAL pulse generator PM 5716 for use in most CMOS, TTL, and analog applications, has been introduced by Pyc Unicam.

It has 20V maximum pulse amplitude and a range of transition times, continuously variable between 6ns and 100ns. This is more than adequate for today's CMOS logic and with a 50 MHz repetition rate, is able to cope with any faster logic that may become available. It allows PM 5716 to be used not only with CMOS, TTL, RFL, DTL, but also with analog amplifiers, etc.

Pulse characteristics are set to the specification of the logic manufacturer, using independent sliders. A mechanical lock prevents the output pulse exceeding 20V maximum anywhere over the total -20V to +20V range. The device under test can be safeguarded from excessive pulse amplitudes by using the built-in limiter.

More from Pyc Unicam, York Street, Cambridge. 0223 38566.

Sees onset of fire

150 mm in diameter, can be installed in the home or office in a few minutes.

It is also suitable for use in cabin boats and caravans where fire can be a serious hazard.

The battery lasts for about a year but with impending exhaustion the unit falls safe by emitting an intermittent sound at least ten days before the minimum operating level. There is also a push-button operational check sound until the smoke clears. No external connections are required and the unit, which is

June 1977

This announcement appears as a matter of record only.

NORGES KOMMUNALBANK

DM 500,000,000

Long Term Loan at a fixed rate of interest

unconditionally guaranteed by the

KINGDOM OF NORWAY

WESTDEUTSCHE LANDESBANK GIROZENTRALE

Badische Kommunale Landesbank - Girozentrale -	Hessische Landesbank - Girozentrale -
Bayerische Hypotheken- und Wechsel-Bank	Landesbank Rheinland-Pfalz - Girozentrale -
Bayerische Landesbank Girozentrale	Landesbank Schleswig-Holstein Girozentrale
Deutsche Girozentrale - Deutsche Kommunalbank -	Norddeutsche Landesbank Girozentrale
DG Bank	Württembergische Kommunale Landesbank Girozentrale
Deutsche Genossenschaftsbank	
Bremer Landesbank	Industriekreditbank AG Deutsche Industriebank
Hamburgische Landesbank - Girozentrale -	Landesbank Saar Girozentrale

Fairways Marine

invite you to

Fisher Week

4th - 11th June 1977

at Rank Marine International

Port Hamble, Hamble, nr. Southampton

The World largest "On the water" exhibition of the distinctive FISHER Class Yachts. This is an excellent opportunity to actually view the traditional craftsmanship, perfection of quality, innovative design, and indefinable character of the following Fishers:

FISHER 25, FISHER 30, FISHER 34, FISHER 37, FISHER 44, CATFISHER 28, NORTHEASTER 30, FREDWARD 25, POTTER 25.

All these Fishers will be berthed conveniently on "A" Pontoon for you and your family to board and look over at your leisure.

As you may know, Port Hamble is located in pleasant river-side surroundings and Rank Marine has an extensive chandlery with the "Onshore" attractive fashion clothing centre.

Over the holiday period why not visit FISHER WEEK by road or sea. Port Hamble is a deep water marina, easily accessible.

Why Detroit Buys British

Detroit originally used steel forgings for this type of component. They now use Ley's "Lemax" 45.2 heat treated Pearlitic malleable iron castings.

"Lemax" has immense mechanical strength and can be flame or induction hardened.

But what really impressed Detroit was that the casting's performance matched that of the forging; and that meant money saved on the process and material costs.

"Lemax" is only one of Ley's range of malleables which could make a big difference to your product design concept.

So contact Ley's to discover more about their high-quality castings. Detroit did. And they've not regretted it.

LEY'S

Ley's Malleable Castings Company Limited, Derby DE3 8DY, England. Tel: Derby 10332 (4 lines); 37575 (Leyway); G Derby. Regd. Office: Macclesfield, Cheshire. Ley's "Lemax" "Lemax"

LABOUR NEWS

Heathrow engineers to miss shifts from next week

BY NICK GARNETT, LABOUR STAFF

HEATHROW maintenance engineers whose dispute with British Airways over shift pay arrangements is expected to affect flights from next week. A mass meeting yesterday of 4,000 engineers voted overwhelmingly to start the action by a 24-hour strike from Monday.

Confusion

It is impossible to tell at the moment what effect the stoppages involving more than 10,000 Heathrow engineers will have on the 40-hour periods, which will affect flights.

One of the engineers' five shop stewards, Mr. Keith Harris, said: "The airline's offer is totally unacceptable and we condemn unions to join the stoppages."

QE2 passengers carry their own baggage

WEARY QE2 passengers sailed out of one dispute yesterday and into another. After nine hours in the Solent because the vessel was being "blackied" by shipyard workers, they docked at Southampton to find stewardesses had stopped work 35 minutes earlier as part of an overtime ban.

Sullom Voe dispute may end this week

By Nick Garnett, Labour Staff

THERE WERE further hopes yesterday that the dispute which has halted construction of the huge British Petroleum oil refinery at Sullom Voe, Shetlands, will end this week.

More than 400 workers employed by L.J.K. the main contracting consortium operating at the site, are prepared to return to work after a meeting with officials from the Transport and General Workers' Union earlier this week.

Equality pleas blunted by jobs fear

By Our Labour Staff
GH UNEMPLOYMENT may be individual women reluctant to complain about sex discrimination for fear of losing their jobs.

Little hope of settlement in Chloride dispute

BY PAULINE CLARK, LABOUR STAFF

MEETINGS OF 3,800 strikers at the Chloride Group battery manufacturing plants yielded no prospect of an early return to work.

Productivity arrangements at Chloride have developed into a major problem which threatens to serve as a timely warning to trade unionists and Government in the debate about the Phese Three economic and pay strategy.

Ennals rejects hospital claim

David Ennals, Health and Social Services Secretary, yesterday stepped into the London spinal dispute with a firm denial that the ancillary staff's overtime pay claim could be met as it would intrude on the policy.

Bristol helicopters trouble over

By Alan Pike, Labour Staff

MR. ALBERT BOOTH, Employment Secretary, last night announced the end of the six-weeks long Bristol Helicopters dispute and the establishment of a wide-ranging court of inquiry into its background.

Centrally Located Distribution Centre in the Midlands

5 acres of land and 20,000 sq. ft of industrial buildings are available on the M1 at exit 28 in Nottinghamshire. Phone Ashover (024689) 235 for details.

Aberdeen Construction Group Limited

Increased profits - Improved liquidity. Highlights from the Statement to Shareholders by the Chairman Mr. W. Trench. PROFITS: Further improvement in profit earned by the Group. Profit before tax increased from £3,603,164 to £4,527,274.

Judge stresses law on union certificates

BY OUR LABOUR STAFF

PARLIAMENT AND no one else are here to propagate the view as to what the law determining whether unions qualify for certificates of independence.

Press views sought on worker directors as decisions near

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A WARNING that the Government would have to make decisions on its Bullock White Paper very soon was issued yesterday by Mr. Edmund Dell, Secretary for Trade.

J. SMART & CO. (CONTRACTORS) LTD.

Interim Statement
At a Board Meeting on 2nd June, 1977, the Directors declared an Interim Dividend per share of 0.99p net (0.91p gross) payable on 27th June, 1977, in respect of the year ending 31st July, 1977.

Kirkby workers continue fight

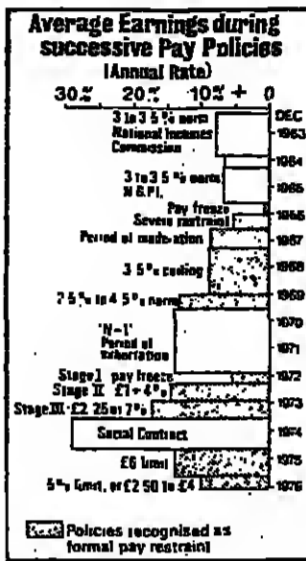
By Nick Garnett, Labour Staff

REDUNDANCY NOTICES served on workers in the Plessey telecommunications group on Monday, but the fight continues.

Employers urge sweeping pay bargaining reforms

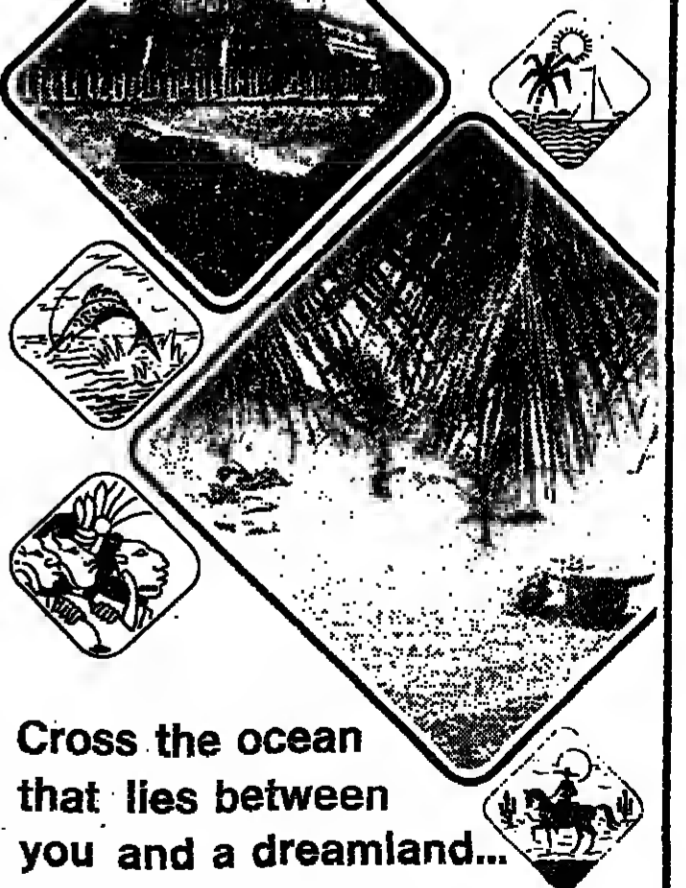
BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A WIDE-RANGING series of proposals for reforming the way in which the Government agrees with the TUC that pay limits should be higher than those used by employers and unions to carry out their wage bargaining were launched yesterday by the Confederation of British Industry.



The CBI says that since the war Britain has consistently increased pay faster than our productivity. This in turn has led to higher prices and cost pressures. Successive Governments have tried to deal with the problem by incomes policies, which have at best merely alleviated the symptoms.

DISCOVER MEXICO



Cross the ocean that lies between you and a dreamland... Mexico City, former sanctum of the sun-worshippers, is a modern capital full of attractions. Its museums rank among the finest in the world, and its shops and markets offer a whole range of typical Mexican wares.

APPOINTMENTS

Financial Controller

c. £7,000

Our Client, a member of the Norcross Group, requires a professional Accountant to develop its Management Accounting and Financial Control Systems to meet the changing needs of the business created by growth.

The Company is the largest and most successful designer and manufacturer of air conditioning products in the United Kingdom, and is located in an extremely attractive part of Southern England.

Applications are invited from Chartered Accountants, male or female, who have had considerable experience of the development and maintenance of accounting systems in an engineering environment, coupled with success as a manager.

REWARDS: A starting salary in the region of £7,000 is envisaged, with excellent conditions of employment and relocation assistance.

Apply in confidence. Ref. 553.

Hales & Hindmarsh Associates Ltd. Century House, 30/31 Jewry Street, Winchester, Hampshire. Winchester G2253 (3 lines) (STD Code 0962)

COMPANY NOTICES

COMPAGNIE FINANCIERE DE PARIS ET DES PAYS-BAS NOTICE TO SHAREHOLDERS

Following a resolution adopted at the Ordinary General Meeting held on 1st June 1977... COMPAGNIE FINANCIERE DE PARIS ET DES PAYS-BAS

COMPAGNIE FRANCAISE DES PETROLES

NOTICE IS HEREBY GIVEN TO THE SHAREHOLDERS of the Company... COMPAGNIE FRANCAISE DES PETROLES

CRICKET BY TREVOR BAILEY

England beat Australia by two wickets

ENGLAND FINALLY won the first international of the summer... England beat Australia by two wickets

GOLF BY ROGER PAUL

Last three seeds fall in Amateur

THE LAST THREE seeds in the Amateur Golf Championship at Ganton, North Yorkshire, were never in sight of the birdie

Royal Agricultural College, Cirencester VACANCY FOR PRINCIPAL, SUMMER, 1978

INSTITUTIONAL MARKETING SCOTT GOFF HANCOCK & CO. requires a young ambitious person to strengthen their institutional team.

BUSINESSES FOR SALE PENRAD LIMITED - CARDIFF For Sale, automated plant of well known domestic radiator manufacturers.

HIGH QUALITY ELECTRONIC & AUDIO EQUIPMENT MANUFACTURERS

HEATING AND VENTILATION CONTRACTORS Engaged in substantial public and private sector contracts

Litho Printing Business for Sale General commercial printers in greater London, with modern plant.

WEST MIDLANDS Small Country Town Light Engineering Company

EDDISONS Chartered Surveyors & Industrial Valuers

SOUTHERN COUNTIES BASED TRANSPORT COMPANY FOR SALE

FOR MERGER OR ACQUISITION

BUSINESSES WANTED MANUFACTURING BUSINESSES in the following industries: ELECTRONICS, OPTICS, LIGHT & HEAVY ENGINEERING, FOOD PROCESSING, THE PRESERVES INDUSTRY

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE... NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company...

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BARLOW RAND LIMITED (Incorporated in the Republic of South Africa) 7% UNSECURED NOTES 1975/84

NOTICE IS HEREBY GIVEN that the Third Annual Meeting of the Shareholders of the Company...

BARLOW RAND LIMITED (Incorporated in the Republic of South Africa) 7% UNSECURED NOTES 1975/84

Notice of Recognition to the Holders of EUROPEAN COAL AND STEEL COMMUNITY U.S.S.R. 000000 loan 81-1975-1982

QUEBEC CENTRAL RAILWAY COMPANY CANAL STOCK

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE... NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company...

INTERST LIMITED (Incorporated in the Republic of South Africa)

NOTICE IS HEREBY GIVEN that the Third Annual Meeting of the Shareholders of the Company...

INTERST LIMITED (Incorporated in the Republic of South Africa)

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COMISION EJECUTIVA HIDROELECTRICA DEL RIO LEMPA (GEL) EL SALVADOR, CENTRAL AMERICA

Announces that international competitive bid invitations will be conducted for the work briefly described below:

WRONG CLUB

Murray lost the sixth and seventh by taking the wrong club at the ninth where he went down to hands to turn three down. Then he hooked badly off the 18th tee, and went down four and three.

BANK RETURN

Table with columns for BANKING DEPARTMENT, ASSETS, LIABILITIES, and other financial metrics.

The Management Page

EDITED BY CHRISTOPHER LORENZ

A study of how good project management can transform a company from laggard to leader in a new technology is provided by L. M. Ericsson, a top Swedish engineering group, which has just appointed a 39-year-old as its new chief executive. Christopher Lorenz reports.

Swedish lessons in product design

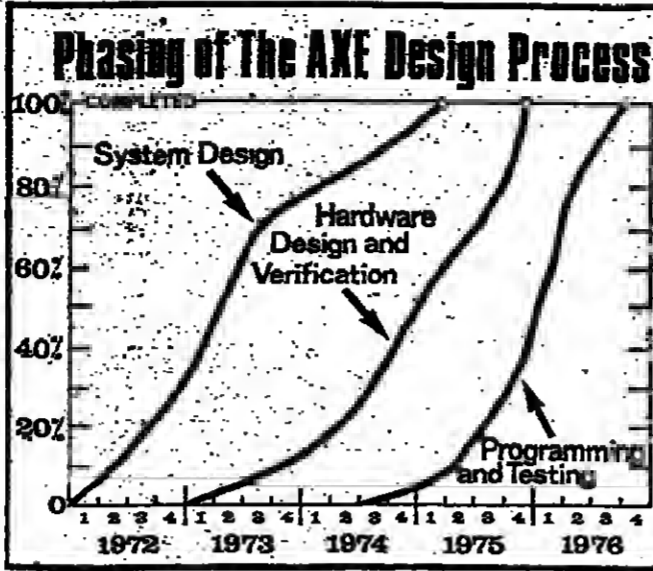
ANALYSIS OF Britain's factor faced with the problem of export problems have become a degrading competitive obsession with price and delivery dates, and seem to have forgotten an equally important factor—product design. This falling is not confined to academic economists and other "observers"; all too many of the country's leading companies have computed the combined effect of stagnant home markets, sliding sterling and surging overseas demand, and come up with dramatic export projections—only to be sorely disappointed at the results a year or two later.

For many companies, right across manufacturing industry, the problem is one of outdated design. Solving it can prove unexpectedly difficult. Catching up with the designs of one's Japanese or German competitors is no easy task in itself—can often prove a waste of extremely expensive effort. A year ago Ericsson's AXE system beat the Canadians, Dutch, Germans and Japanese to a large order in France (shared with TTT). In Holland this spring, the post office became sufficiently convinced of AXE's virtues to dust two traditional suppliers (ITT and Siemens) from the bidding.

Only this week it was learnt that the Australian telephone administration had decided in favour of the Swedish system. Apart from providing at least \$450m. worth of business into the 1980s, a victory here would help it to win other international orders, such as the technical reputation of the Australian administration. Only TTT's current eleventh-hour lobbying of the Minister of Posts, who has to approve the administration's decision, is likely to change the outcome. American, Dutch, German and Japanese companies were all eliminated several months ago.

Two major corporate re-organisations have contributed to Ericsson's resurgence in this product area. The first affected more than just the design and engineering process itself. Eight years ago, a complex learning process, later the second change, set up a separate development company to handle what was to become Ericsson's most important design project for over 20 years. This separation brought financial and managerial advantages, but risked creating disruptive tensions between the engineers who stayed with the parent company, and the staff of the new organisation.

In the time between the two reorganisations, the importance of meticulous project management was rammed home when the company nearly over-stretched its development resources, had to cancel its original programme and gave



priority to work on other parts of its product line. Palm and which had also been separate expensive though this decision was at the time, both internally and in the market place (where it damaged Ericsson's image). One reason for the extra time and experience to develop what it, and many a potential customer, now claims is a more advanced product than anything else on the world market. The appreciation of more rigorous project control has contributed to the speed with which the design process has been carried through into a working product.

Parallel with these concrete decisions has come a healthy change in attitude right through the organisation. It is not only top management which now realises that domination of one product generation does not guarantee success for very long, even in a long-cycle, capital goods business like telecommunications.

Ericsson's commanding position in the market for telephone exchanges was established in the early 1950s, with an electro-mechanical design, crossbar, which became the international standard round the globe. But in the early 1960s the company's top management was quick to realise that advances in electronics, and computers in particular, would eventually contribute to a much more reliable and sophisticated product. So, in 1963, Ericsson was one of the first telecommunications manufacturers to start developing what has become known as stored programme control, or SPC, switching.

Until the arrival of a new top management team in 1964, there were effectively two separate development departments dealing with public exchange technology. The 1964 restructuring—the first major one for over 10 years—brought them both together with the exporting and

The strategy from 1964 was to develop a design which could be used in a family of exchanges, ranging from small rural centres through so-called trunk exchanges to the most complex of all, the large urban local.

For a number of reasons, things did not go according to plan for the local design project. But the extent of the problems did not become clear until Dr. Sund took over as head of the switching division five years later. The basic trouble was one, which has dogged almost every company that has tried to computerise part of its product line, especially in the telecommunications industry: that software is much more complex and difficult to get right than one expects.

Dr. Sund had the advantage of experience on Ericsson's military side, where he was used to controlling massive development projects. Bringing a new discipline to project management, he immediately ordered a detailed resource assessment—only to find that programming work for the local exchange project was going to be six times as great as had been thought. This, and the fact that the processor for the switching family did not have enough capacity for satisfactory local services, meant that the local project would consume far more resources than anyone had imagined if it were to be carried through. After all that, we'd been run by purely financially-minded people, we would have gone into SPC at all," says Dr. Sund, emphasising that marketing and engineering factors were given much more weight in the decision-making process. But failure to take the plunge would have destroyed Ericsson as an independent force on the world market.

There was also some doubt whether Ericsson had enough engineers to carry through the local exchange project as well as the less troubled programme for trunk switching. The immediate market demand for Ellemtel arrangement speeded the latter helped the management to decide to terminate the

caused tensions. A close collaborator on the project, Mr. Svedberg, recalls that the splitting of development effort "caused morale problems... a lot of emotion was involved." By 1971 the company had realised that demand for stored-program controlled local exchanges was developing more rapidly round the world than it had anticipated, and that it was in danger of losing crucial ground to its competitors, especially TTT. Several months of intensive work by a 14-man team under Mr. Svedberg produced a requirement specification which was accepted by the top management.

System design proper began in 1972, with Dr. Sund resisting pressure from some engineers on the project who wanted the next stage—involving circuit design and other hardware elements—to be run almost in parallel. The graph shows how the design and engineering process was phased, keeping staff levels and the overall corporate commitment low for as long as possible, without losing momentum. This strategy holds a useful lesson for companies in any form of electronics, where development has to be undertaken quickly, yet must be matched with steady project control. Such caution is also very important when you want to control people in a separate organisation," considers Dr. Sund.

Yet another difference between the abortive 1960s projects and the successful new one is that the production side was better integrated the second time round. Not only were shop-floor employees given much more preparation for the technical changes in their work, but the engineers did not repeat

the mistake of underestimating the cost and time required to test the electronic equipment. Mr. Svedberg says that engineers on the earlier project had been allowed to design many pieces of hardware without paying enough attention to how they would be tested. One factor stands out from all Ericsson's claims about its AXE design. The modularity of both hardware and computer software not only makes it easier to manufacture and test, but also makes it simpler for a customer telephone administration to alter the exchange's programmes. Other advantages over its competitors which have attracted the French, Dutch and Australians are the ability to use fully electronic (digital) switching technology, and a particularly short installation time on site.



A less obvious, but equally important, challenge is that the company's structure may have to radically change—perhaps one that once—if it is to overcome internal inertia or complacency about existing projects. This is particularly true of the company's traditional designs have dominated the world market, and some of the staff wear down the organisation's hierarchy can see no reason for change. An example of such problems of how they can be solved by good management has emerged in the last few months. L. M. Ericsson, one of the most known Swedish-based engineering multinationals, and one of the jewels in the crown of the famous Wallenberg industrial and banking empire, specialises in telecommunications equipment and design. Concerned is an extremely complex piece of machinery: a computer-controlled local telephone exchange. But the company's experience provides a managerial lesson for any manufacturer.

New top men

ONLY a year ago guests at Ericsson's centenary celebrations were surprised to find a relatively unknown engineer, king much younger than 38 years, presiding over the initial presentations. Four years after joining the company from the Royal Institute of Technology, Björn Svedberg had just been appointed Technical Director. His Wednesday, shareholders at the AGM found Svedberg had been called right to the top, into Presidency. With him, a generation takes over the technical and marketing efforts are retiring, to be replaced with men in their 40s. The oldest of the new team, at 52, is Dr. Sund, long chief executives are common in major Swedish companies than many

The AXE may be selling fast, but Svedberg faces plenty of other problems in his 70,000 employee company, which manufactures in 24 countries. The world recession, and currency losses in Brazil, have hit profits. These factors, plus the shift to less labour-intensive products, have threatened several thousand of its Swedish jobs. The government has helped by accelerating AXE orders, but the underlying problems remain. Lundvall's departure has not been caused by these difficulties; his wish to retire was well known before they occurred. His elevation to the chairmanship means the most famous name of all, Marcus Wallenberg, steps down. But the new chief executive can be in no doubt that the Wallenberg eye will remain glued to Ericsson's performance for many years to come.



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The Royal Exchange in full Jubilee dress and the young Queen driving to her first State opening of Parliament in 1952.

A new look at bargaining

THERE IS no need, with Phase Two approaching its end and no agreement about the shape of Phase Three yet in sight, to spell out once again the serious disadvantages implicit in the pay controls, whether statutory or voluntary, which have become more and more common in the past decade. Although many of these disadvantages, moreover, can be traced back to the fact that the controls have not been intended to last for longer than the life of a temporary emergency, a permanent system of control would undoubtedly have major drawbacks of its own. Our traditional system of collective bargaining is so biased towards inflation that changes in it are needed urgently—not least because the distortions created by several years of control cannot all be put right overnight.

The Confederation of British Industry, therefore, is to be congratulated on putting forward some ideas about the future of pay determination in a discussion pamphlet before either the Government or the TUC has made a public move in this field. It is true that some of these ideas have been discussed, without very much happening, for many years past and that others may look more practicable from the employer's point of view than from that of the trade union leader. But they have been set down as a programme for serious discussion by a body which does not often take such bold initiatives.

The consensus Immediate comment must obviously be limited to a few specific aspects of the CBI programme. The first to strike one is the different time-scales in which the various proposals must be considered. On the one hand, for example, it would clearly be desirable to get some of the machinery it proposes set up in time for the ending of Phase Three, that is, by the summer of next year. On the other hand, the rationalisation of bargaining groups would take longer to achieve and the concentration of bargaining into a shorter period longer still, while the

Twenty-five years of change

BY DAVID WATT

I SUPPOSE that the choice of a Jubilee present for the Queen would pose the old problem of what to give the woman who has everything in about as acute a form as it is possible to imagine. But I think it is possible to offer a constructive suggestion to any civic dignitary now scratching his head over this conundrum. Two volumes of the Annual Abstract of Statistics (suitably bound in silver leather, if you will), one for 1952 and one for 1976, might provide the Sovereign with some instructive bedside reading and, which is more to the point, might actually cheer her up.

Browsing through the columns of figures and comparing our estate to-day with that of 25 years ago, one is constantly struck by the prodigious growth in the prosperity and range of choice of the people of these islands. This is not simply a matter of crude measures of wealth and well-being—the vast increase in the amount of meat and fish eaten, and the number of shoes, baths, toys and tennis rackets bought, or the huge decline in the predations of killer diseases like T.B. and polio—though these are startling enough. What is impressive is the surge in the quality of life.

Take the obvious example of communications. In 1952, there were 2.5m. private cars licensed; in 1976, there were 13.8m. In 1952, there were 1.5m. television sets; in 1976 there were 25m. In 1952 there were 5.7m. telephones; in 1976 there were 20m. The 1952 volume of statistics does not show the number of holidays taken abroad, but the 1976 one shows that U.K. airlines carried nearly 7m. passengers in 1975 on non-scheduled, inclusive-tour services—a three-fold increase in ten years. All this represents an enormous freeing of the spirit and an opening of great new worlds to ordinary people.

The dreams of nineteenth century philanthropists have been in part realised by these developments. What they called the "condition of the people" comprehended not simply sani-

tation and the alleviation of the most grinding poverty, but also the alertness and intelligence and knowledge of the new mass electorate. Their wildest hopes in the field of education itself have been surpassed, and most of the change has come in the last quarter-century. The Butler Education Act of 1944 was largely implemented after 1950 and the Robbins Report, and all that flowed from it, has raised the number of university students from 97,000 in 1952 to 275,000 in 1976.

There is another side of the picture, of course, and one that would have gravely disappointed Lord Shaftesbury and others who believed that spiritual well-being would go hand in hand with education and hygiene. In 1952, the police knew of 603,339 indictable offences in the U.K. of which just over 4,000 involved violence against the person. The equivalent figures for 1976 were 2.4m. and 71,000. Sexual freedom has brought its problems as well—118,000 divorces in 1974 as against 36,000 in 1952 (at the tail-end of the post-war spate of failed marriages). But the question endlessly prompted by all these figures, and in fact by any prolonged rumination on the political and social history of the first 25 years of Queen Elizabeth's reign, is whether most of the troubles the country now faces have not been part of the inevitable price we are paying for developments which almost everyone agrees are desirable but over which they have become blasé.

The end of Empire The most notable changes of the era fall into this category. First, the end of the Empire. When the Queen was crowned in 1953, the independent Dominions represented at the ceremony consisted of no more than the old, pre-war white Commonwealth and the three nations of the Indian sub-continent. The whole of the rest of the Empire in Africa, the Caribbean and the Far East laid their trophies at her feet as their ruler. It was not until 1957 that Ghana and Malaya became the first of the new food-

countries—because our whole system has in the past been based more than most on an elaborate hierarchical structure and on the apparently well-justified assumption that traditional methods—paradigmatic deference—indeed worked on this basis, and with steadily diminishing success. The entire procession of Queen Elizabeth's First Ministers has been based on this basis, and with Churchill's authority was still effective and derived in part from his aristocratic assurance in calmly assuming that the country would follow its leaders. Eden was not so good at walking on the water and showed distinct signs of coming to grief even before the Suez venture wrecked him on external reality. Mr. Macmillan just about kept going by flattery, cajolery and sheer bionic ability. Sir Harold Wilson sank pretty rapidly, but splashed about enough for a while to prevent anyone from seeing quite what was happening. Neither he nor Mr. Heath can be said in the end to have commanded the support necessary to enable them to damp down expectations of sootho the fundamental conflicts or pursue a viable economic policy.

Crux of the matter This last, of course, is the crux of the matter. Incomes policy as run by everyone from Macmillan and Selwyn Lloyd, to Callaghan and Healey is an attempt to assert authority under the old rules. So, in a way, is the so-called spread of "corporatism." But the trouble is that none of the institutions involved can control its own forces. The trade unions and British industrial management are as hierarchical and muscle-bound as government in the last decade, the state has started to throw into the battle its last reserves—the authority of Parliament and the Law. The result of this is not yet certain, but the experiences of the last Conservative government with the Industrial Relations Act and the present standing of Parliament are not altogether encouraging.

We have all been tempted to speculate during this period, whether a politician of stature or genius might have been able to reassert control on the old basis. The control of the great might-have-been Queen Elizabeth and Iain Macleod. And what would have happened if a politician of the highest quality, had done the cards bad fallen slightly differently for him? It is more fashionable to speculate that Government might assert its authority, paradoxically, by abdication. It is to put greater responsibility on to individuals, get the government off people's backs and let the economic chips fall where they will. No doubt there is something in both these trains of thought. We have certainly been short on political flair and long on political paternalism during the last quarter century. But it is not clear that either recipe will turn out to bear very much weight. The complexity of the economic growth and the relationships created by economic progress are not susceptible to exportation, even to sophisticated decision-making. They also create pressures for someone to do the essential job of reconciling and ing.

Escalation in Rhodesia

THE RHODESIAN incursion into Mozambique does not appear to have been particularly successful either politically or militarily. Politically it has led to a predictable outcry outside the country and could yet lead to the Rhodesian guerrillas and those who back them determining further to intensify the fighting. Militarily, the Rhodesian armed forces do not seem to have found very much either in the way of guerrillas or stocks of munitions. The guerrillas, if they had been in the area in any great numbers, would have melted away as in the nature of guerrilla warfare.

Cubans The episode, however, does illustrate one simple point for all the parties in the conflict. It is that there is a war in and around Rhodesia there can be no doubt, even if it is not formally so defined. It began as a number of small and relatively infrequent incidents. The incidents have become bigger and more frequent, and the weapons used have become heavier and the degree of outbursts has increased. Border crossings, happen quite often, as they are bound to do—both ways—when the guerrillas count on support and sanctuary from Rhodesia's neighbours.

Warning The present situation could continue in many forms. It would not be surprising, for example, if the guerrillas were to respond to the incursion into Mozambique by stepping up their attacks on the towers of Umtali, one of the larger Rhodesian population centres which is close to the Mozambique border. It is also possible that the Cubans—with Soviet support—could intervene in the conflict in a way that they have not done so far. Such a move would almost certainly be accompanied by the use of yet heavier weapons.

MEN AND MATTERS

Jubilee pay packet

Had your Jubilee bonus yet? One topical and apparently blameless way of easing the shackles of pay restraint is demonstrated by Lloyd's, the London insurance centre, which is paying its 2,000 staff one week's salary extra by way of celebrating the Royal occasion.

The Corporation of Lloyd's is acting on precedent, having paid out similar bonuses at the time of George V's Jubilee, George VI's coronation, and the present Queen's coronation.

But there was some confusion yesterday when the Department of Employment was asked whether the Lloyd's action conformed with pay guidelines. A spokeswoman replied that though there had been a few applications, she thought none was considered to be within the terms of the incomes policy. But what about Lloyd's? An answer on that case would have to wait till the Department returned from holiday after Jubilee day next week.

Radio rows

In the midst of the ideological tussle between East and West, the Soviet Union and its allies are trying, hardly in a spirit of détente, to rewrite international communications law, declared Sig Mickelson yesterday. He is the chief executive officer of Radio Free Europe and Radio Liberty, a couple of children of the Cold War recently merged and apparently stirring the Communist bloc to greater and greater fury even though they have been around nearly 30 years.

Both are financed by the American Government and broadcast in 22 languages to

Communist regimes more by showing their capacity to broadcast all manner of information than by trying to wage a propaganda war. It is a point that has upset some dissidents, but Mickelson, a former president of CBS news, argued that the stations have a duty to reach the widest possible audience and any sort of preaching was reckoned counter-productive. As for the number of listeners, executive vice president Alexander Buchanan said audiences tended to increase significantly at times of crisis. He cited the recent Romanian earthquake disaster, when thousands of Romanians contacted RFE in Munich to find out details. Buchanan himself was involved in the early days of the U.S. government's separate Berlin-based East German service, RIAS. That originally used a group of transmitting vehicles that had been Rommel's in the desert, operated for the Americans by a chief engineer who had done the same job for Dr. Goebbels.

Buchanan said the official financial support for Radio Free Europe and Liberty was now around \$55m a year. Broadcasts were jammed regularly everywhere except Romania and Hungary, though Buchanan added cheerfully that it was thought the receiving countries spent more on jamming than Washington paid out to keep the stations going.

Electric chief Europe's biggest group of architect-engineers, with projects worth more than £2.6bn to hand, is to be found in a deep, Gloucestershire, at Barrowood. It is made up of over 2,000 power generation, development and construction men employed by the Central Electricity Generating Board to plan, design, engineer and land-

Murphied The Irish spud has taken a real bashing. The insult has come from McDonald's, which has just opened its first Dublin branch. McDonald's, besides inventing the first University of Hamburgerology, also claims to produce "the best French fries in the world." But they have decided they can't keep up this claim if Irish murphies are used—so potatoes are being imported from Canada.

Barrowood is currently suffering long overruns on many of its projects and one of the arts which Preston learned in South Scotland, is that of inter-leaving design requirements with construction programmes. It is a reflection of the fact that the SSEB, being only one eighth of the size of the CEBG, insisted on a less specialised approach from its top executives and insisted that they involve themselves in the entire research, design, construction, commissioning, and trouble shooting aspects of the total job. Useful training for Barrowood.

Electric chief The Irish spud has taken a real bashing. The insult has come from McDonald's, which has just opened its first Dublin branch. McDonald's, besides inventing the first University of Hamburgerology, also claims to produce "the best French fries in the world." But they have decided they can't keep up this claim if Irish murphies are used—so potatoes are being imported from Canada.

Observer

Edward Eraman

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FINANCIAL TIMES SURVEY

Friday June 3 1977

British Exports

Joe V. ...

Many British companies now see the growth of exports as the primary means of achieving their sales and profit objectives. An aggressive effort to recover lost markets is under way and the results so far look encouraging.

Time to sing the praises

By Geoffrey Owen

IT IS A constant complaint among businessmen that the newspapers and other media present an unbalanced picture of British industry. Our weaknesses are publicised to excess, they say, while our achievements, especially in the export field, are underplayed. The charge is justified only in part, since major overseas contracts usually receive very full treatment: as for the bad news—when, for instance, the U.K. becomes a net importer of passenger cars or of steel—the newspapers can hardly be expected to ignore it. What ends to get neglected—and here the businessmen do have one ground for their irritation—is the great bulk of U.K. exporters, often making unassuming products unknown to the general public and quietly getting on with the job of increasing overseas sales year by year.

A glance at the accompanying table showing the trade performance of some major sectors of industry, illustrates the point. The table does not specify some of the traditional exporting sectors which continue to play a vital part. Scotch whisky exports, for instance, rose 19 per cent in value last year to £37m, while wool textile exports reached £300m.

The problems of the textile and clothing industries understandably demand attention, while the large imports of iron and steel are a cause for concern. But more significant, in the context of Britain's economic position as a whole, is the continuing strength of some of the other sectors, of which

mechanical engineering is the most important. Woodworking machinery, cigarette-making machinery, mobile cranes—these are not the sort of products which capture the imagination of the public. Yet it is in these areas—and a good many others like it—that British companies have a position of world leadership and there is no sign that they are about to relinquish it. In mechanical engineering the U.K. ranks as the third-largest exporter—above France and Japan, though some way behind both West Germany and the U.S.

The Japanese appear to be devoting more resources to this sector, especially in the field of heavy plant exports, and no doubt competition from this source will become increasingly formidable. But there is no cause for despair about the ability of British companies to compete on design, price and delivery. Through the characteristics of being small and medium-sized companies, the incidence of labour disputes is low. Several of the American companies which have invested in this sector and have become leading exporters—Caterpillar and Cummins are examples—have experienced high levels of productivity and stable industrial relations.

Strength

The picture of competition is not uniform. Sectors of exceptional strength, such as tractors or diesel engines, are offset by areas of relative weakness, such as farm machinery and parts of the office machinery industry. But one of the features of mechanical engineering is the high degree of interdependence between industrial countries. No one country can expect to have a commanding position in every major line: it may be regrettable that we import so many electric typewriters, or so much weaving equipment from the Continent, but to aim for self-sufficiency is unrealistic.

In chemicals, too, which produced the second-largest trade surplus last year, the ability to compete is not in question. For ICI, the dominant company, growth in direct exports has been one of the most dynamic elements in the business over the last few years. While the

depreciation of sterling has assisted the process, much of ICI's export growth has come from technologically advanced products, such as pharmaceuticals, dyestuffs and plant protection chemicals, where price is less important than a technical lead over the competition.

There are rather more companies of this sort—British-based international companies which can hold their own against world competitors both in scale of production and in technical sophistication—than is often supposed, and they do not all have to be very large, diversified concerns like ICI. A frequently cited yet still revealing case is that of BSR, which from a U.K. manufacturing base has achieved a dominant position in record changes; nearly 90 per cent of its record changer production is shipped overseas and the company is believed to account for more than half the world market.

World domination on the scale achieved by BSR is not feasible for most companies, but the idea of exporting, say, two-thirds or more of U.K. production is by no means unknown in British industry. British Leyland's Land Rover is another example of a ubiquitous British product which has maintained a leading position in the world market for cross-country four-by-four vehicles, despite a very small home market and despite intense competition from American, Japanese and now Continental companies.

The success of the Land Rover happens to be a refutation of the common argument that exporters should concentrate their efforts on the few markets which provide substantial volume. The strength of the Land Rover business is due in part to the careful development of even the smallest and poorest of the developing countries, where the Land Rover is often the most widely used vehicle; the individual volumes may be small, but in aggregate they provide a useable part of the total export business.

In the past, despite the example of products like the Land Rover, there has been a rough rule of thumb in the motor industry, and in several other industries, that exports should never exceed about 50 per cent of sales. The argument was that export business was more

difficult, more expensive to develop and to service, and less lucrative than home market sales. A large and profitable home market had to carry the low-margin export business. Most companies, of course, get nowhere near the 50 per cent mark but were content to jog along with exports accounting for around 20-25 per cent of sales.

There is some evidence that these views are changing, partly because of the depreciation of sterling. It is true, as a recent NEDO study pointed out, that devaluation cannot in itself be expected to produce a long-term increase in export volume. Exports depend on many other things besides price; it is in the non-price factors, such as quality and reliability, that British industry is sometimes said to be inferior to, say, West Germany, whose export achievements have not so far been adversely affected by revaluations of the D-mark.

Strategy

As the NEDO study put it, "market shares depend on a complete marketing strategy developed over a number of years in the light of long-term trends. Such a strategy is unlikely to be altered by short-term exchange rate changes, which are more likely to be treated as windfall additions to profits. Only if changes in relative costs are believed to be capable of being made to last, will marketing strategies be affected."

The fact that the inflation rate in the U.K. is still higher than in most other industrial countries suggests that the cost advantage obtained from sterling depreciation could soon be lost. Nevertheless, attitudes among manufacturing companies do seem to have altered in the last few years. For many of them exports have become, not merely a marginal addition to sales volume, but a major contribution to profits and a fast-growing part of their total turnover. It is always easy to find

reasons to be pessimistic. One of them is the fact that our deficit in manufactured goods with the other EEC countries has increased since our entry into the Community. Does this mean we cannot compete? It is at least possible that the reorientation of our export marketing efforts towards the EEC has needed a longer period of time than the optimists supposed. It is possible, too, that some of the attention of exporters has been diverted to the more immediately attractive and perhaps less challenging markets of the oil-producing countries. But there are enough uses of companies which have made great strides within the EEC in the last few years—Courtaulds in textiles is one example, Lucas in motor components—is another—to show that the task is not impossible.

The confidence to attack the really difficult markets, including Japan, will be immeasurably increased if the U.K. economy, with the aid of North Sea oil, moves into a more stable condition in which growth is not constantly held back by balance of payments weakness. The morale of exporters is bound to be low when everyone, not least the newspapers of the countries they are visiting, is full of gloom about the British economy. If the clouds start to lift, then the recovery of nerve and self-confidence of which there are already some encouraging signs, will gather momentum.

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THE TOP THIRTY EXPORT MARKETS IN 1976

Country		Exports	Imports	Country		Exports	Imports
U.S.		2,449	3,044	Norway		474	623
West Germany		1,834	2,757	Saudi Arabia		400	978
France		1,710	2,091	Spain		368	380
Netherlands		1,500	2,428	Japan		359	796
Belgium/Luxembourg		1,401	1,390	Finland		289	562
Irish Republic		1,247	1,008	New Zealand		251	321
Sweden		1,045	1,188	Israel		249	128
Switzerland		1,000	963	Soviet Union		240	667
Italy		826	1,106	Portugal		223	109
Nigeria		774	317	Austria		212	232
Australia		688	394	Turkey		211	60
Denmark		655	705	India		207	355
South Africa		645	613	Hong Kong		204	440
Canada		628	1,160	Poland		189	154
Iran		511	1,049	Dubai		189	122

Source: Overseas Trade Statistics.

U.K. TRADE PERFORMANCE IN 1975 AND 1976 BY MAJOR SECTORS

Sector	1976			1975		
	Exports	Imports	Balance	Exports	Imports	Balance
Non-electric machinery	5,058	3,254	+1,804	4,255	2,300	+1,955
Chemicals	3,046	2,000	+1,046	2,179	1,409	+770
Road motor vehicles	2,224	1,398	+826	1,737	883	+854
Electrical machinery	2,004	1,383	+620	1,529	1,045	+484
Textiles	934	911	+23	698	633	+65
Iron and steel	825	966	-141	683	821	-138
Instruments	629	575	+54	518	447	+71
Aircraft	416	253	+163	360	202	+158
Clothing	412	684	-272	265	505	-240
Ships and boats	241	58	+183	215	61	+154

Source: Overseas Trade Statistics.

The signs are encouraging

By Edmund Dell, M.P., Secretary of State for Trade

IT IS encouraging that, after the disappointments early this year, the latest information is that export volumes have been increasing.

In March and April the export rate was a fifth higher in real terms than it was during the third quarter of 1976, the lowest ebb in the recession. And so far as the disappointing level at the beginning of this year is concerned, the first indications are that other industrial countries may have been sharing our subdued export performance.

If we look at the picture on a market basis U.K. exports to Western Europe have been slowing down recently. This is hardly surprising given the slow economic recovery in the area. But exports to North America, to OPEC and to the centrally planned economies have been rising sharply.

In the past three months sales to the oil exporters exceeded £1bn, our best performance ever. In value terms the rise from a year earlier was 47 per cent. We are currently selling five times as much to OPEC countries by value as we did before the oil price explosion. As a result of the dedicated effort being made by many exporters we are at least maintaining our share of these growth markets against intense competition from other industrialised countries.

To these successes we should add the very strong performance of invisibles. In the last quarter of 1976 our earnings on this account totalled £3.7bn, and our net credit £619m. When the results for visible and invisible trade are combined, in the latest three months we earned our first current account surplus since the summer of 1972. We cannot expect every monthly



return to be good from now on, while it lasts, is just as useful another year. But so long as high unemployment remains widespread, pressure on governments to adopt protectionist policies will be the often dangerous work of many people engaged in its still beset with problems. Unemployment is not a disease peculiar to us—about 15m. people within the OECD area are still out of work. Among the main industrial countries balance of payments constraint, all except Germany, Japan and the Netherlands were in current account deficit last year. In the non-oil developing countries problems are very much worse. Their debts are high and many of them are committed to both expansion and the open trading system. Assistance to their manufactured exports should be given to the multilateral trade negotiations, the adjustments to accommodate the larger item, machinery, was actually down. The warning is clear: Oil

So far as the U.K. is concerned the significance of this picture is clear enough. As the managing director of the International Monetary Fund suggested a few weeks ago, it is reasonable to expect a moderate growth of world trade this year. But in a situation where so many countries are confronted by an urgent need to bring their accounts into better balance it is certain that the struggle for markets will intensify. We must strengthen our own efforts in that struggle.

A major factor affecting the success of our efforts will of course be the trend of unit costs in the U.K. as they are expressed in the currency of our customers. A major increase in costs unmatched by improvements in productivity would be very damaging to exports and all the benefits that flow from them.

This point was recently put to me very fairly by the chairman of the British Overseas Trade Board. Readers of the Financial Times will note that in addition to wages and salaries he emphasised the responsibilities of management where unit costs are concerned. By permitting a higher volume of production export sales may provide a way of reducing unit costs.

Finally, I am delighted to see that under the banner of Export Year a great many companies have been taking steps to ensure that the whole of their staffs are provided with the information about their export effort. I am told that over 2,800 firms have registered as running Export Years and bearing on an increasing number which have found a real response from their workforce. The message that exports means expansion needs to be heard and understood throughout industry.



Dr. Godfrey Hounsfield with his brainchild, the EMI-Scanner, the first of a new kind of computerised X-ray instrument for medical diagnosis. EMI has more than 200 EMI-Scanners on order, worth an estimated £44m, in addition to more than 600 already installed, mostly in North America.

BRITISH EXPORTS II

Britain's biggest exporters are accounting for an ever larger proportion of the country's earnings, and in some circumstances, as GEOFFREY OWEN points out, size can be an advantage. But this is not to denigrate the continuing importance of the small exporter and sub-contractor. MARGARET HUGHES outlines his successes and problems.



Exporters large...

THE STRUCTURE of British industry has been radically altered during the post-war years; periodic waves of mergers and takeovers have led to a situation in which the 100 largest manufacturing firms now account for not far short of half the country's net output. One consequence of this is that a rather small number of companies, some might say a disturbingly small number, are responsible for the bulk of British exports.

According to the latest Department of Industry overseas transactions inquiry, carried out in 1974, half of the country's total exports as recorded in the overseas trade accounts were accounted for by 89 companies in 1974, compared with 100 in the previous year. Two-thirds of total exports were in the hands of only 230 companies, compared with over 300 in 1973.

It is true that the other one third, involving mainly medium-sized and smaller companies, still represents a substantial part of the whole. The case for encouraging small companies to develop and expand their export business is as strong as ever. But it takes a very large number of small companies to produce an aggregate export total in the range of £200m. a year or more, which the top dozen or so of the biggest companies are now achieving. British Leyland and ICI, the two leaders, will soon be passing the £1bn. mark.

Thus the policies of the largest companies, their attitude to exporting as a source of profit and of growth, are of crucial importance to the country's export drive. Fortunately there is some evidence to suggest that the profitability of export sales in relation to the home market has improved considerably in recent years, largely because of sterling depreciation, and that the idea

of exported growth, at least at the level of some individual companies if not of manufacturing industry as a whole, has begun to take hold. It is true that the effectiveness of devaluation in increasing the U.K.'s share of world trade has not been as great as was hoped by some economists in the 1960s; the importance of non-price factors is more widely understood. But for some companies sterling depreciation has been a major factor in increasing exports at a rate faster than the other parts of their business. The experience of ICI, which in the past two or three years has been jockeying with British Leyland for the position of the country's largest exporter, illustrates the point. In 1960 ICI's shipments to Western Europe amounted to only £32m. Most of that business consisted of "in and out" sales, which did not represent any sort of long-term commitment to the Continental market. Last year exports to Western Europe reached £421m., accounting for more than half of ICI's total exports. Interestingly, this spectacular increase has gone hand in hand with the build-up of ICI's manufacturing activities on the Continent, illustrating the value of local plants in stimulating exports from the U.K. As another top exporter, GEC, has put it, "the aim of building up overseas subsidiaries is not to take work away from the U.K. factories but to provide more of it."

ICI sees itself as an international business and its views on exporting are clearly expressed in this comment from one of its directors: "Many of our plants have to be sized at world scale to achieve costs which will be competitive world-wide—and world-scale plants need world-wide markets. Research and development are costly; to stand a chance of recouping the amounts of money we spend, the resultant products and processes must seek and find world markets. So, too, the spurring off of new ideas requires essential feedback about what these world markets will do or require. We must have an organisation which operates world-wide and is tuned in to the developing needs of the markets—and the activities of our international competitors."

Consistent

Size is not everything in export markets—some of the most consistent records have been achieved by small and medium-sized specialists—but it can bring certain financial advantages. This does not only apply to the competition for the so-called jumbo contracts, which involve special financial obstacles discussed elsewhere.

SIZE DISTRIBUTION OF LARGE EXPORTERS

Size of direct exports	1971		1974	
	No. of companies	Amounts (£m.)	No. of companies	Amounts (£m.)
Over 50m...	23	2,888	36	6,840
£20m-£50m...	44	1,275	88	2,621
£10m-£20m...	70	1,000	109	1,532
£5m-£10m...	118	832	180	1,304
£1m-£5m...	584	1,325	766	1,613
Under £1m. (incomplete)	859	326	680	318

Source: Trade and Industry, July 16, 1976. The figures are based on a Department of Industry inquiry among companies which covered 87 per cent of total U.K. exports in 1974. The remaining 13 per cent of total exports would have come from several thousand small firms in the under £1m. category.

It applies, for instance, to the negotiation of major deals in the Soviet Bloc. Very few British companies could have dared to enter into the commitment which Massey-Ferguson has made in Poland for the manufacture of tractors and diesel engines. It is the biggest overseas manufacturing project which this company has ever undertaken. Quite apart from the financial risks, the decision to take it on implied a willingness to make available management and engineering development of a financial package, worked out in conjunction with Morgan Grenfell, which simply could not have spared from their normal business operations. Massey-Ferguson, of course, is a somewhat special case; it has had many years of experience in handling overseas projects of this sort, and has built up the necessary staff to handle them. But it is pre-awarded on a "turnkey" basis,

with the supplier taking full management responsibility for the entire project. It may be that some sectors of industry in the U.K. are not yet well enough organised to handle these projects. This is not necessarily a matter of treating larger companies in a field like machine tools, for example, where there has been some reluctance on the part of British companies to group themselves into consortia for the purpose of winning major contracts—for instance, the construction of a truck manufacturing plant in the Soviet Union—and this business has gone to other countries, notably West Germany. This problem, however, is being tackled not just in the form of discussions on jumbo contracts, but in other ways. In the meantime, the emergence of British large scale are essential for the U.S., the and Japan, should a siderable flip to heavy plant and recently by Davy I in the Soviet Union order for two meth—indicates both the of British firms in these huge contract ability to put to extremely complex and commercial including a buy-out ment for part of the from the new plant necessary to secure Clearly a company t up very carefully t committing itself to but in this type of financial engine management reso large scale are ess

...and exporters small

DESPITE THE small exporter's significant contribution towards Britain's export effort there are virtually no official statistics available to illustrate their role as was discovered by the Bolton Committee during its inquiry into the role of the small firms in the national economy.

The nearest it could get was a survey carried out in the North West by the Department of Trade, and that was published some years back. And still there is no direct monitoring of their export activities, the problem being that small exporters are not confined to particular industries, while a large part of their exports are in direct as sub-contractors to the large exporters. But from the North West survey and other one-off surveys which have been conducted from time to time, it seems that their contribution to exports is rather less than their contribution to the national economy—small companies are said to produce 20 per cent of the gross national product and to employ over 25 per cent of the working population.

By a process of deduction various figures have been put on their export contribution. According to a 1973 survey 85 per cent of exports were accounted for by the 1,688 large companies. The small exporters' contribution was thus put at 15 per cent, but this, of course, included the medium sized as well. It was then estimated that the small companies' contribution was probably in the 5 to 10 per cent range. This, however, did not include the substantial sub-contracting work undertaken by small companies. In certain sectors such as clothing, footwear, rubber, miscellaneous manufacturers, leather, cork, iron and steel, manufactures they tend overall to export a higher percentage of their total exports than the large companies in the same field. The reverse is true, however, in the electrical and non-electrical machinery and transport equipment sectors.

Facilities Since publication of the Bolton Report in 1971 several new facilities have been set up to help small companies by the Government, banks and other financial institutions. The services available to exporters as a whole are, of course, also there for the small exporter. But it is not so much the lack of facilities which is the problem as the exporter's failure to make full use of them—often because he is unaware of their existence or does not provide enough detail about his company when he does approach these organisations for advice. It is largely a problem of communication which is gradually being appreciated—more is now being done by the Government and banks in particular to publicise their facilities and to urge the exporter to make use of them as early as possible in his export negotiations.

Profitable Their export business is often more profitable, too, with not surprisingly a high ratio of sales per employee. Also by virtue of their size they have the advantage of flexibility and adaptability to adjust to both new markets and changes in existing markets. Virtually all large companies have many small suppliers, and most of these that export obtain goods and services from small companies, many of which are incorporated directly into products or services for export. Small companies also contribute both directly and indirectly to invisible exports, the most obvious example being the hotel and catering companies engaged in the tourist business.

Their contribution to the export effort does not go unnoticed. Small companies feature regularly each year in the Queen's Awards for Export, a post to point small exporters in the right direction. Once the potential exporter approaches one of the ten offices in London and the provinces, the staff are able to direct them to the appropriate Government and other organisations. These include the Department of Trade's own commodity officers, the BOTB and all its facilities (which are covered in a separate article), the relevant Chambers of Commerce, the CBI, the international division of the clearing banks, the Export Credits Guarantee Department, local legal services, the British Standards Association among the 106 winners, Institute, which supplies information on technical requirements of Cross Hands, mentor overseas shipping, and Llanelli, which won its award forwarding companies, export to do with that.

Last year more companies switched currency involuntarily in the last cent, as the attempt to stabilise sterling when currency fluctuating widely find themselves while sterling is externally and they reflect this, their still adversely domestic inflation. Small exporters unable to take advantage of potential gains in selling forward currency they the payment for their they are dealt amounts over sbou

Source But the real problem in the finance field is shipment finance. Banks are the unfortunate take account overall overdraft will not advance company is extended in financial business. This case with a small company. Many small exporters step in and provide support for the small company, attacking export sales, which is the country's export 'The London Chamber of Commerce, which is the largest bod for small has recently encouraged companies. Given that it said, they could over as well. The flexibility services to the requirements of a particular exporter. The main disadvantage is that by banding over his business to the export house the small exporter loses control over the marketing of his product. But perhaps the biggest problem for small exporters is cash flow and therefore export finance both to finance production and to provide the longer period of credits than is normally required by domestic customers. The facilities available to small companies are the same as for any exporter and are detailed elsewhere in this survey. But many small exporters feel that export finance, like any other kind of finance, is too much oriented towards the big companies. In particular they find the various minimum limits set by ECGD too high.

Criticism The ECGD has gone some way to meeting this criticism by lowering the limits for cost escalation and performance both cover, but these new limits running are still far too high for many small exporters. But when small exporters attack the ECGD large companies the department tends to blame the small exporter by pointing out that he only wants to get a facility relationship as a subcontractor. Specifically for the small exporter, namely the Small Exporter Policy, it withdrew it has this year put through a lack of demand. The practice has been to attempt to bring the normal comprehensive policy, may have had something co-operation I goal of increas

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BRITISH EXPORTS III

Britain's share of world exports has declined in the past decade, while other countries, especially Japan, have moved ahead fast. LORNE BARLING discusses just how much this is the outcome of forces beyond our control, and how much the failure of exporters to recognise and adapt to changing market patterns.

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Trade patterns change

WITH THE increasing flow of countries playing a less important role while European balance will continue to improve, but this fortunate state of affairs does not reduce the need for industry to regain the position it has lost in world export markets.

This decline has been continuous over the ten years up to 1975, with Britain's share of manufactured export goods falling from 13.8 per cent of the world market in 1965 to 9.3 per cent in 1975, although there was a slight improvement in 1974. During the same period Japan's share rose from 9.4 per cent to 13.6 per cent, and West Germany, France and Italy have all increased their shares.

It is clear that Britain's poor performance during the ten years has been caused partly by a fundamental change in markets, with Commonwealth

oil producers, with U.K. exports valued at £1.4bn. and imports at £1.3bn.

Western Europe now accounts for more than 50 per cent of U.K. exports, compared with little more than 40 per cent ten years ago, and similarly exports to oil exporting countries have risen in response to demand from these countries.

As in other industrialised countries, the enormous wealth of the Middle East and other oil producers has caused an unprecedented shift in the U.K. trade pattern. The soaring oil deficit at the end of 1973 was partially corrected by exports in 1974, and with some fluctuations this deficit has been steadily reduced. In the first quarter of this year there has

Constraints

However, trade with EEC partners continues to present serious problems, and the U.K.'s visible trade balance with the Community has markedly worsened since 1970. Although trade with the EEC increased rapidly in both directions in 1974, the growth in imports was higher than that of exports, continuing the downward curve into a deficit of £2bn.

At the same time there was a sharp rise in the trade in oil and in chemicals, in large measure reflecting the impact of the oil price rise at the end of 1973, although supply constraints in the U.K. were a contributory factor to increased imports of plastics and iron and steel from

the Community. Food imports had increased strongly during 1976) were also lower. Ironically, these falls were offset by increased deliveries of metals, textiles and other manufactures.

The rate of growth of U.K. exports to the EEC also slowed in 1975 with the recession in economic activity there, and although the rate of increase of imports also slowed, the deficit continued to widen, mainly reflecting the continued rise in food imports. However, there has generally been an improvement in the U.K. deficit with this area since the third quarter of 1975, and this should continue with the continuing flow of North Sea oil.

Although it may be easier to sell U.K. products in other markets in the short term, the products must also be competitive within Europe itself if they are to remain in demand. There is no doubt, however, that the mix and range of British products is now adapting to the new market conditions.

Exports of chemicals, for example, which are a vital part of industry in view of North Sea oil and the feedstock it will provide, have increased in the decade up to 1975 from 9 to 11 per cent of total U.K. manufactured exports. On the other hand textiles, largely because of increased Far Eastern competition, have decreased from 5.5 per cent to 3.5 per cent. Machinery as a whole has risen from about 27 per cent to about 30 per cent, and in terms of the overall export effort, the engineering sector must remain the key to success. As an adjunct transport equipment, which has fallen slightly as a share of the total, has good prospects.

The most recent figures show that the volume of exports of machinery fell in the first quarter of the total machinery and transport to its lowest quarterly level since the end of 1974. Shipments of transport equipment and of chemicals (which

had increased strongly during 1976) were also lower. Ironically, these falls were offset by increased deliveries of metals, textiles and other manufactures.

Among non-manufactures, exports of fuels have continued to increase rapidly, mainly reflecting the sharp rise in crude oil exports, which were valued at £1.62bn. in the first quarter, compared with £90m. in the previous quarter and £18m. in the first quarter of 1976.

Speculative

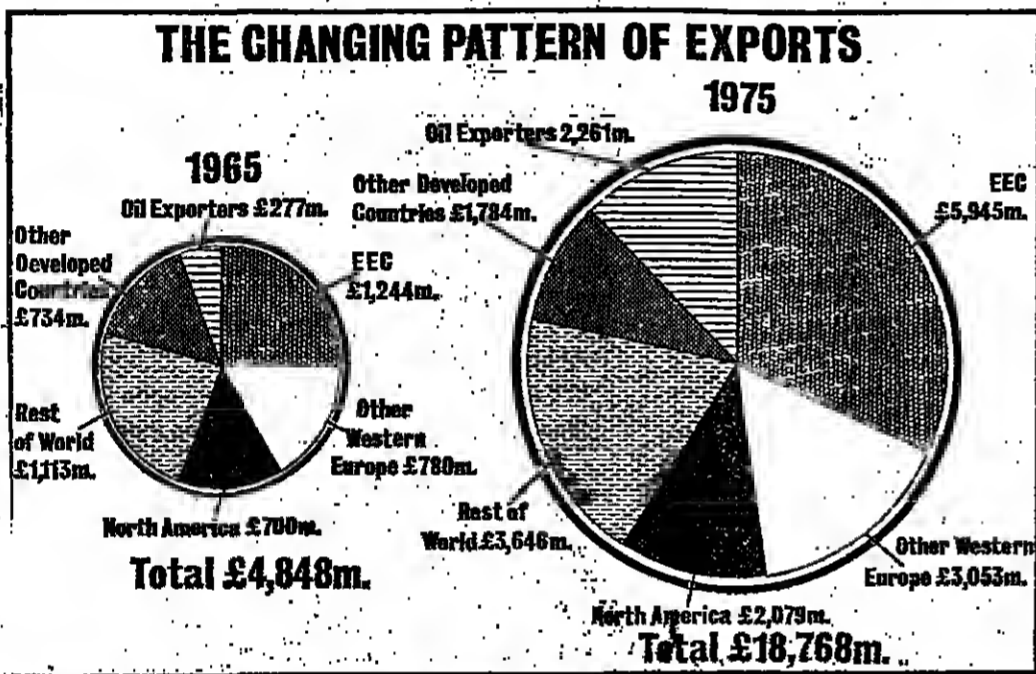
Moreover, the volume of imports of fuel has fallen in recent months, reflecting both the end of speculative stockbuilding before the OPEC price rises and increasing production from the North Sea. In line with this fall in fuel imports, arrivals from all exporting countries have been smaller, but increases in the cost of coffee, tea and cocoa have contributed to a sharp rise in the import bill from developing countries.

Figures indicate that Britain's performance in the field of machinery and transport equipment has been disappointing in terms of the U.K. share of exports to main manufacturing countries (MMC).

Department figures show that the U.K.'s falling share of MMC exports of machinery and transport equipment (which has also occurred in the case of the U.S.) has been mirrored by the rapid rise of Japan. Between 1963 and 1974 the Japanese share of MMC exports of electrical machinery rose from 9 to 17 per cent, and of transport equipment from 6 to 21 per cent. In 1975, however, Japan's share of port equipment markets suffered a reverse, as did the West German share. The main beneficiaries were France and the U.K. The bulk of U.K. exports of

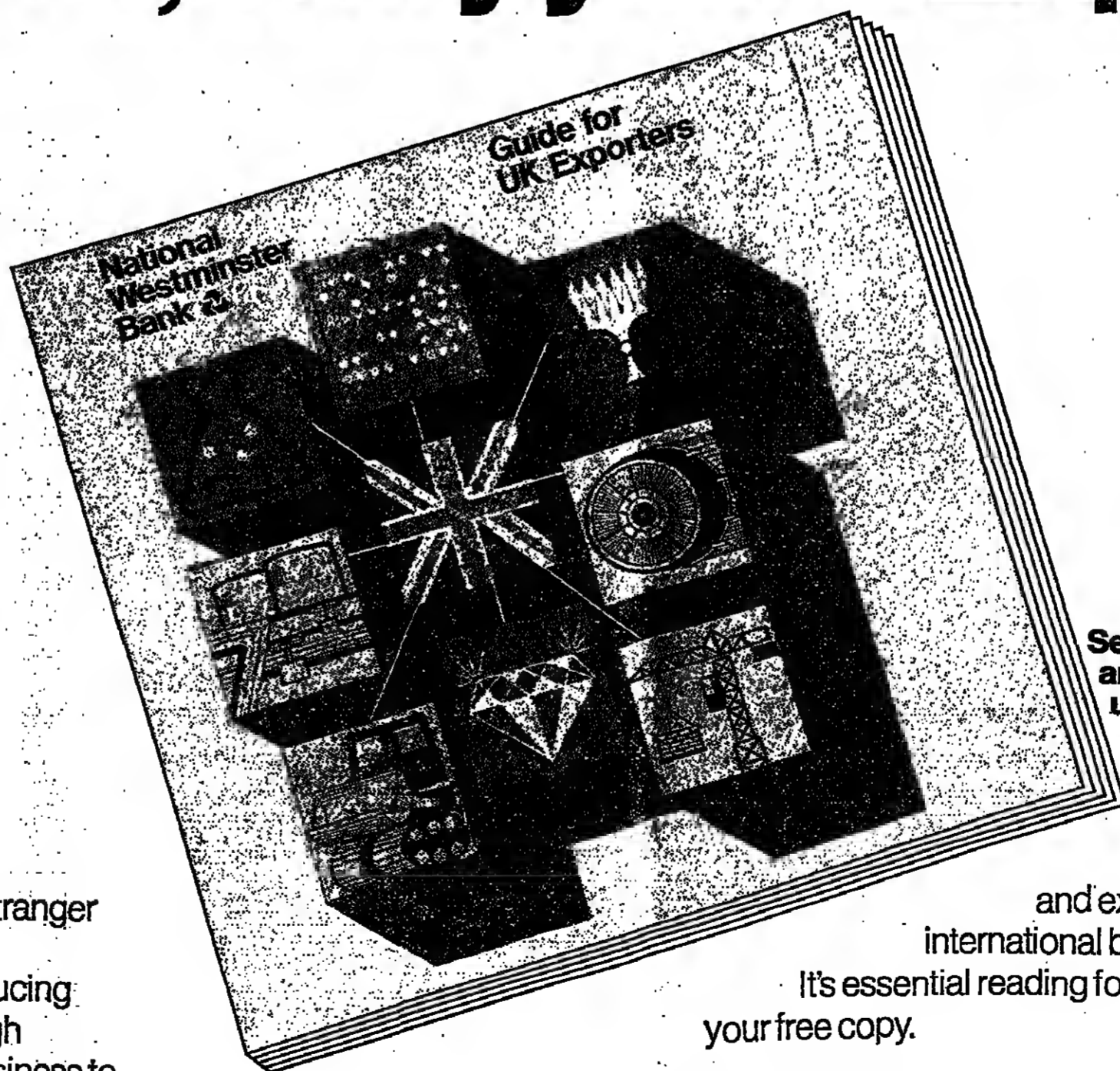


The Dubai International Trade and Exhibition Centre project, being constructed by Bernard Sunley and Sons.



other semi-manufacturers is it has increased again. In the whole period the U.S. payments is moving steadily towards surplus, it is regarded as essential that the breathing space allowed by North Sea oil be used to boost productivity in key industrial sectors so that they become more competitive in European and world markets.

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BRITISH EXPORTS IV

A variety of advice and assistance is available to British exporters. There has been an expansion in the facilities offered by the Export Credits Guarantee Department, which are described by MARGARET HUGHES. Below LORNE BARLING outlines the work of the British Overseas Trade Board.

The role of the ECGD

BY FAR the most significant development in the export finance field for some time is the Government's decision to switch buyer credit financing out of sterling and into foreign currency.

This change of policy has received a generally hostile reaction from plant contractors — the exporters whom it affects — since 90 to 95 per cent of Britain's plant exports are financed through buyer credits. But two events which have taken place recently should help to make the new scheme more acceptable.

The first overseas contracts to be financed in foreign currency have now been concluded — so far all have been in dollars. Of these the Davy Powergas Soviet deal is a major breakthrough. Second, the Export Credits Guarantee Department (ECGD) is drafting a scheme to provide cover for exporters against exchange risk during the period between tender and actual award of the contract — which can be anything up to 12 months. From the contractor's point of view, the exposure to currency risk during this intervening period has been one of the more strongly criticised aspects of the scheme.

When submitting his tender the exporter now has to quote in foreign currency though still calculating his costs in sterling. In determining his price he has to estimate the amount of sterling he will receive for a given quantity of foreign currency by selling forward during the period of the contract. This will inevitably be based on the forward rates prevailing at the time of tender, although the exporter would not normally enter into a forward commitment at this stage.

Should sterling have depreciated on the forward market by the time the contract is awarded the contractor stands to gain, but conversely if sterling appreciates — which some feel is likely in the short-term — then he would make a loss.

ECGD's scheme, which it is now discussing with the CBI and various trade associations is likely to offer a guaranteed exchange rate which would be reviewed every three months. There would probably be a lower threshold, probably two to three per cent, up to which the exporter would have to bear the risk himself and an upper limit of say 20 per cent.

The exporter will have to pay an additional premium whether or not he wins the contract. Industry is likely to object strongly since this would create a precedent. ECGD will make up the loss if the exchange rate goes against the exporter, by the same token ECGD will take the profit if it moves in the opposite direction.

Palatable

But while this may help to make the new buyer credit scheme more palatable it is likely to take quite some time for it to become popular with contractors, if ever. There are several reasons for this but the main objection is that the scheme is, or soon will be, virtually compulsory for all capital goods contracts in all markets.

Contractors, or some at least, do see the value of the scheme for particular deals in certain markets. Indeed two years ago, when sterling rates began to depreciate sharply and inflation soared here, a few contractors and their banks lobbied ECGD to introduce such a scheme. They felt that the ability to conclude a capital goods contract in a hard currency and then use the forward market would be a crucial factor when tendering for overseas orders. It was estimated that it could give a price advantage of between 3 and 6 per cent over contractors tendering in sterling.

This is because through selling his dollar payments forward for sterling while it is at a discount on the forward market the contractor stands to make a gain which he can either keep or use to quote a lower price.

When the new facility was first introduced last autumn it was available only as an optional facility and was on the whole welcomed by industry.

However, in its December mini-budget the Government decided to make it as far as possible compulsory for buyer credits, and to a lesser degree lines of credit, as part of its public expenditure cutbacks — foreign currency financing both eliminates refinancing and, at current interest rate differentials, lowers the interest rate subsidy on buyer credits.

And it is this which ranks, for by now much of the competitive advantage has been lost as currencies have stabilised, so that many contractors and bankers feel that the scheme has come too late to be effective. Contractors have also encountered considerable resistance from overseas buyers, all too well aware of the advantages of paying for their imports in a weak currency like sterling, since it costs them less in terms of their own currency than financing in dollars or D-marks.

Added to this many exporters are unaccustomed to forward exchange dealings and find the whole business far too complicated. They do not have the financial expertise to handle it while the documents involved reputedly run to a nightmare 88 pages.

Acceptance is less of a problem in countries which are already dollar oriented or which, because of their large credit needs are in no position to dictate credit terms. But some countries, such as Brazil, stipulate that contractors must be financed in the exporter's own currency. The Italian contractor Impiant had do drop out of the Acominas steel project in Brazil last year for just this reason — the inability to finance in lira. But it seems that Brazil can be flexible when it wishes, for it has just negotiated a \$40m. line of credit with Lloyds Bank International to

finance offshore technology and equipment purchases in the UK. A similar situation currently exists in Morocco where British companies are hoping to pick up some of the 23 contracts associated with the first major steelworks to be set up there at a cost of some \$400m. In this case it is believed to be the World Bank which has stipulated that financing should be in the contractor's own currency.

Although ECGD is able to exercise some flexibility at this stage, it is an acknowledged fact that as it reaches its sterling limits it will have to apply foreign currencies far more rigidly — the situation looks ripe for some political storms in the months ahead when, for instance, jobs or industry may be at stake.

The Davy Ashmore Soviet deal illustrates well both the advantages and disadvantages of the scheme. Without the price advantage from foreign currency financing Davy Powergas would not, it seems, have won the contract. For when the company was quoting a sterling price it looked well out of the running. It was only when its bankers Morgan Grenfell, helped by ECGD, were able to convince the Soviets that Davy could match its main West German competitor when quoting in D-marks that the contract looked like coming to the UK.

At this stage the Soviets then asked Davy to quote in dollars, and by doing so its quote proved to be somewhat lower than the competitor's, and this apparently clinched the deal. Not that the negotiations were anything like as straightforward as that.

The Davy Powergas deal has also confirmed the Bank of England's willingness to guarantee a forward market for the duration of the contract period — normally forward markets for currencies like the dollar or D-mark are only available for about 12 months.

The details have yet to be announced or indeed finalised, but it seems likely that the

Soviets were offered one or two sweeteners — possibly agreement to finance 85 per cent rather than the more usual 80 per cent of the contract, and maybe there were some concessions on finance charges. It is understood that although the tender to contract cover is not yet a scheme as such some cover was offered to Davy Powergas.

But all involved acknowledge the crucial role which dollar financing played in securing this \$147m. contract — the biggest ever in Anglo-Soviet trade. Although this was not the first ever U.K. contract to be financed in dollars — the first was a \$40m. project line of credit for Dubai — it is the most significant because the Soviets along with their European neighbours have been among those who have shown the greatest resistance to the scheme.

The signing of this deal proves, however, that the Russians will accept the new buyer credit facility provided they can see a tangible advantage. But there should not be too much euphoria, for it does not necessarily mean that they will accept it for all future contracts. This was pointed out by Mr. Edmund Dell, Secretary of State for Trade, during his visit to Moscow late last month, when he indicated that they had accepted dollar financing because they could not get comparable equipment elsewhere.

The Soviet deal thus aptly demonstrates the scheme's use in giving a contractor a price advantage but at the same time shows that this is only really applicable in particular circumstances. From Mr. Dell's comments in Moscow it is obvious that the Soviets are still basically opposed to the scheme. And talking to bankers and contractors there is still strong resistance elsewhere to the scheme. Blanket application of the scheme by ECGD is therefore likely to remain difficult despite this breakthrough.

A tough task facing the Government this summer when it will be renegotiating interest rates on the infamous \$950m. cheap credit package, will be to persuade the USSR to switch to the USSR to switch to the \$800m. or so of this credit still outstanding to dollars. Hopes of success are not very high.

Another decisive factor on the financial side of the Davy

Guarantee

ECGD has had rather more success with its performance bond guarantee scheme, which was introduced at the same time as cost escalation, despite recent remarks by Lord Weir when he threatened to take his group's export business out of the U.K. because of insufficient support for performance bonds and a general demand from industry for a more exclusive scheme.

This scheme also got off to a slow start. Only four guarantees were issued in 1975, but this was followed up with 25 last year. And by the end of April this year a total of 42 guarantees had been issued since the scheme first started, covering contracts totalling £607m., while the amount of business under negotiation using guarantees totalled £25m.

But if foreign currency financing is claimed to be too complicated for exporters then cost escalation certainly is — even bankers throw up their hands in despair. The complexity of the calculations and the tortuous records which have to be kept has forced several contractors to put the whole thing on to computer. But not all exporters have such a facility and simply find the scheme more trouble than it is worth.

Those that have used it swear that without the cover they would never have been able to

tender (and win) the contracts concerned. In its present form the cost escalation scheme is held to be a good deal better than the original version, though contractors are still quick to point out that it still compares unfavourably with the French Coface scheme which has a lower initial threshold and is also open-ended.

But whatever the arguments for and against, the days of cost escalation schemes are in any case numbered, for the EEC Commission, in conjunction with the Americans, are committed to abolishing it along with other schemes such as "credits mixtes" which they consider to be a direct export subsidy.

So far the Commission has had little success, and although the Treasury was known to have been keen to drop the U.K. scheme when it came up for review last March, it was, in the event, given another year's life. But by the next review point the situation is likely to be different, given that the EEC has now achieved a consensus on export credits following the gentlemen's agreement reached in June of last year by the main exporting nations.

The intention of the consensus, of course, is to reduce competition and, limited though it may be at present, gives hope to those that believe that exports are all too often virtually given away to overseas buyers. The pact comes up for review at the end of this month, but there is unlikely to be any change in the terms agreed last year. It will be merely a point of consolidation with more countries probably joining the 15 now involved.

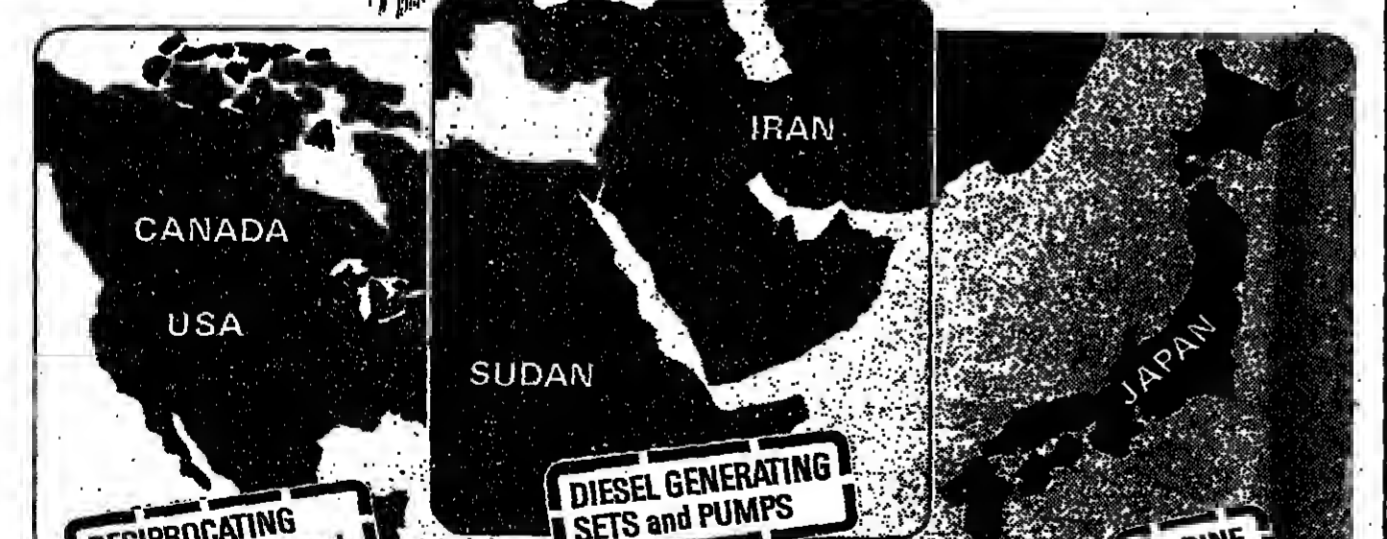
Elimination of competition is obviously in the interest of all exporting countries, but there is no real guarantee that the participants will abide by the pact when the national interest is at stake. As one banker put it "the French are commercial while the British are gentlemen, and when it comes to the gentleman's agreement, the British order is at stake then ECGD pulls out all the stops and will involve their top experts in the negotiation. The trouble is that there are not enough of them around to handle all the work passing through the department."

Convenient

In practice this may prove merely to be a convenient form of agreement which effectively allows the participants to do much as they like. If one member wishes to deviate from the guidelines, all that is required is that other members be notified while certain key areas such as agriculture and nuclear building and aircraft are also outside the scope of the agreement as they are already covered by OECD guidelines.

In fact, the British and French official export credit organisations are generally reckoned to be the best, the French having the edge largely because of the more commercial way in which it is used. Britain's ECGD does a much bigger volume of business of course — more than the whole of the EEC put together — which inevitably makes decision-making slower and more cumbersome. Contractors are already complaining that foreign currency financing will put them once again at a disadvantage compared with French contractors because it is so time consuming for contractor, buyer and ECGD.

But despite general complaints about too much bureaucratic red-tape, contractors emphasise that when a large order is at stake then ECGD pulls out all the stops and will involve their top experts in the negotiation. The trouble is that there are not enough of them around to handle all the work passing through the department.



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Government aid

UNDER THE British Government's strategy of boosting exports as a first step towards reviving the country's economy, it is hoped that potential exporters will make the widest possible use of the array of export services offered through the British Overseas Trade Board.

The Board, which was established as recently as 1972, aims at assisting where possible British companies which are involved in the increasingly complicated and competitive business of exporting. To achieve this it offers a wide range of services, often at little or no cost.

Coinciding with the Jubilee, the Board is also responsible for the current Export Year, in which 2,800 companies are now taking part. Although exercises such as this have been criticised as ineffective, Export Year's comparative success is clearly a result of involvement at all levels.

Trade unions and shop fitters workers have responded strongly in many instances, perhaps through the realisation that jobs are directly at stake when home markets are shrinking and competition for exports is strong.

However, it is stressed that the amount of help the commercial officer can give is largely dependent upon the amount of information made available to them through the Board, which has a network of regional offices designed to provide ease of access.

Although commercial officers cannot themselves provide interpreter or translator services, they can put businessmen in touch with local agencies for such services, as well as for advertising and information dissemination.

One of the crucial aspects of exporting is foreign representation; experience has shown that poor representatives can contribute to the failure of a product or service which could be highly successful. The key to success here is finding an agent or representative most appropriate for the operation.

Commercial officers can provide a good deal of assistance in this respect, but again they require the fullest possible briefing about the exporter's requirements and intentions.

assessment to judge whether there is a market in a particular country.

In a step-by-step approach, the Board can then provide details about tariffs and customs regulations, import duties, taxes and other essential information about a country before any sales effort is decided upon. Sometimes small samples of goods manufactured overseas can be obtained at little cost to test the strength of competition.

Financial support is also available under specific circumstances for trips abroad, which are usually in the form of trade missions organised through trade associations. Similarly, aid can be provided for British companies wishing to invite overseas businessmen to the UK.

While on a trip abroad, company employees can also count on valuable advice and assistance from embassy commercial officers who are continually in touch with local markets. These officers can greatly reduce the time needed to get business done, for example, by collecting information before arrival and helping in making trade contacts.

One of the pitfalls of exporting remains the widely differing conditions in various countries, particularly in relation to trade regulations and restrictions. The Department of Trade's commercial relations and exports divisions (CREs) are designed to assist in this respect.

They are primarily responsible for Government-to-Government commercial relations, which help to create the best possible climate for British trade in general and with particular countries. For example, an exporter may wish to know how a commercial treaty or trade agreement with another country can affect his particular business.

These divisions are also concerned with the potential of overseas markets and the most suitable strategies for supporting industry's efforts to increase exports to them.

In the case of Communist countries, for example, a division can offer advice on the special conditions which exist there. This includes the growing incidence of compensation trade under which importers may seek a linked transaction which will involve the export of their own goods. Similarly, advice can be offered on the means of undertaking joint ventures in these countries.

Exporting to Japan, a prospect which many manufacturers are optimistic about in view of changing Japanese policy on trade and the huge potential market, is covered by the BOTB's Exporting to Japan Unit, which is responsible for long-range planning. The unit

also co-ordinates the different forms of assistance now available to British exporters.

The focal point of the British export effort in Japan is the British Export Marketing Centre in Tokyo, a unique means of promoting products through exhibition in a country where conditions are difficult and quiet alien to many companies.

For larger projects, an increasingly important part of U.K. exports to developing countries which are seeking to build up their industrial base, the Overseas Projects Group acts as a fresh central point to which contractors may look for official support. The group was established in recognition of the fact that special forms of Government support are necessary in this type of business.

The group administers the overseas project fund, from which contractors may in certain circumstances be aided towards the cost of activities preceding contracts, excluding the actual cost of tender preparation.

Although the level of support for overseas trade fairs and exhibitions has recently been cut back, there remains considerable aid for these events in the form of subsidised exhibiting space and travel allowances at various kinds.

Perhaps one of the most important tools of the expert is the knowledge of available business. The Department of Trade's Export Intelligence Service, which is available on a confidential basis to exporters, aims to provide reliable information of a wide range of business available all over the world. Much of this is passed through commercial officers who are constantly seeking to give British exporters the advantage of forewarning on what is available.

This range of services, which does not include the financial side of Government support, is generally regarded as comparable to or better than most of the services which could be provided, but it is clear that the success of the exporter depends largely on his own efforts and his ability to use the services to his best advantage.

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- “Must one apply separately for accounts in different countries?”

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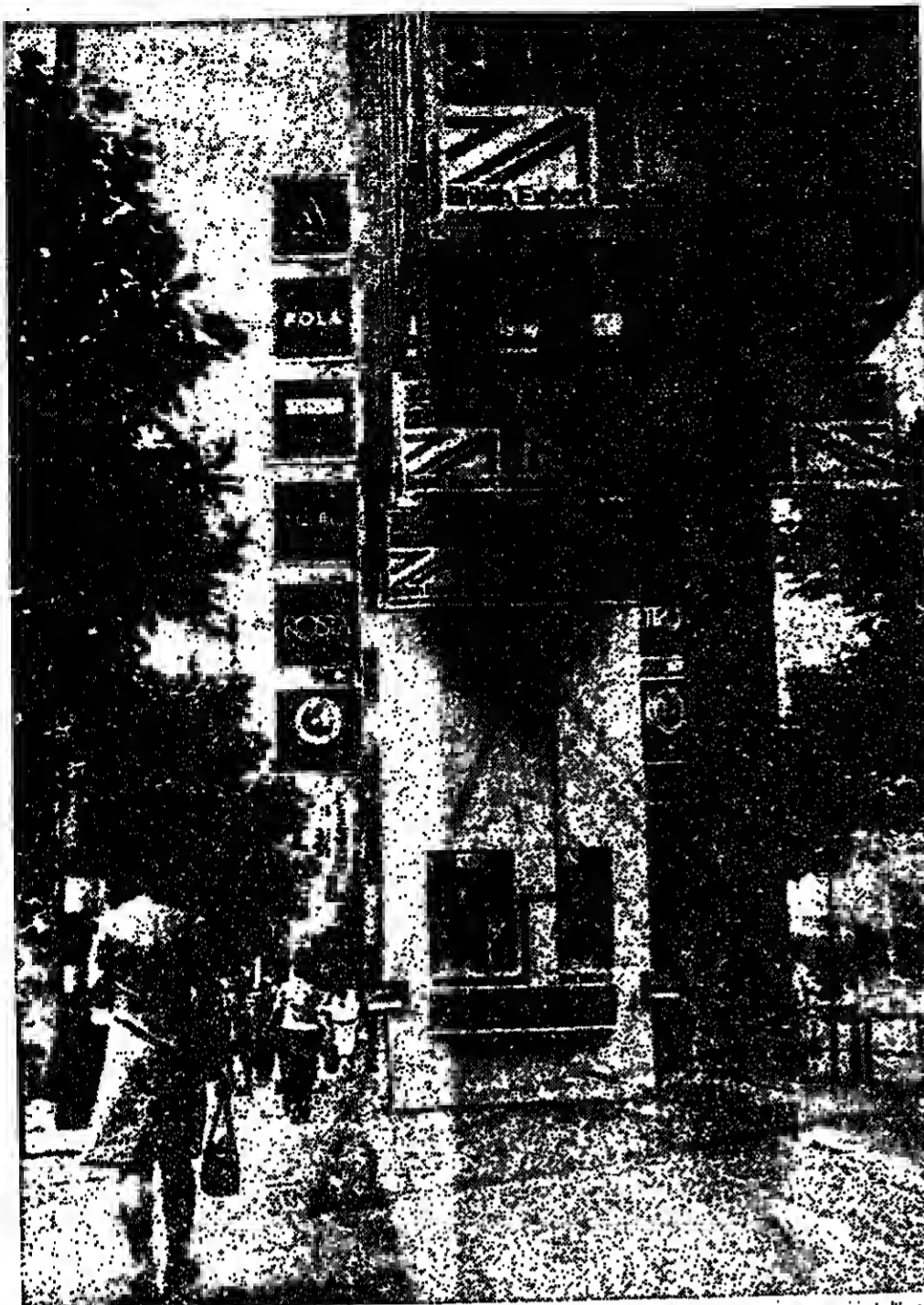
We have 25 specialist international branches in Britain — more than any other bank. If you have export problems, speak to your nearest Barclays International manager and see how we can help you pass freely without let or hindrance wherever you wish to do business.



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BRITISH EXPORTS VI



The British Export Marketing Centre in the centre of Tokyo is intended to act as a showcase for British exports in Japan.

The provision of credit facilities has become such an important weapon in the exporter's armoury that no country nowadays can afford to fall short, especially where the bigger contracts are involved. Here MARGARET HUGHES reviews Britain's export credit machinery.

Lines of credit

CASH MAY BE the ideal form of payment for exports as with anything else, but in a competitive world there is ever increasing pressure on exporters to offer credit—so much so that the credit terms offered can be every bit as decisive as product quality and delivery times in winning overseas contracts. Credit competition has become so intense that overseas customers are now able to buy their goods very cheaply.

Not all exporters, however, are either able or prepared to finance their credit from their own resources. So over the years a wide range of export finance facilities have evolved.

Export finance falls into various categories depending on whether it is available on commercial or preferential rates on long-term, and on whether it is available with or without recourse to the exporter.

Traditionally the bulk of British exports has been sold on cash or short-term credit, with the result that financing has been mainly through straight bank overdraft. This is still used to a large degree, mainly because it is uncomplicated. But it is expensive and in the current economic climate not always readily available, the banks usually requiring some form of collateral.

Bank advances provided by the clearing and merchant banks against bills of exchange is the usual method and is still widely used. The bill can be discounted when the exporter sells the bill to the bank at a discount for cash—or it can be negotiated, in which case the exporter will get cash in advance up to an agreed proportion of the bill.

In both cases the bank has recourse to the exporter—he is not protected against the buyer's failure to pay. To secure some protection it is preferable, where possible, to obtain an irrevocable documentary letter of credit whereby the overseas buyer's bank opens a letter of credit in London in the exporter's name and effectively guarantees to pay the bill.

Trading on open account, though once a well established method, is little used nowadays because markets have become more diversified. Buyers and sellers are less familiar with each other and the risks are therefore high. Acceptance credit is used mainly to finance a steady flow of large-scale business whereby an accepting house opens an acceptance credit in London for the foreign buyer. The deal can then be

financed by bills drawn on the notes. There is no recourse to the banks for the credit transaction. The export house may also offer full export package including shipping and insurance.

The needs of small to medium sized companies involved in repetitive trade are best met by the confirming houses which act for the buyer by confirming, as principal, orders already placed in this way the exporter is paid on shipment by the confirming house which undertakes and carries the risk for any credit required by the buyer—usually up to 180 days.

Medium to long-term finance is provided by the export finance houses which have been set up by the banks and other financial institutions, acting in this case for the exporter. Again they offer credit direct to the buyer without recourse to the exporter so that the exporter is paid as if it were a cash sale.

The export finance houses also have the advantage of flexibility since they are experienced in handling all aspects of project finance—putting together fixed rate export credits and "float eod" financing to cover down payments, local costs and others not eligible for preferential finance as well as ancillaries such as factoring, leasing etc.

The main source of front end financing nowadays is the Euro market. This is very much the province of the merchant banks which sometimes are awarded management contracts from overseas buyers to handle the whole financial package for a particular project. This is likely to increase now that buyers' credits have been switched to foreign currency finance.

ECGD to finance a variety of U.K. contracts with a variety of U.K. suppliers who can then be paid in cash on shipment. This method can be used to finance quite small orders worth as little as £5,000.

Additional facilities provided by ECGD include insurance cover against the political risks of new investment overseas for up to 15 years; protection against part of the U.K. costs for major capital goods contracts worth £2m. or more through its cost escalation scheme; support for the issue of tender, performance and advance payment bonds for cash or near cash contracts of at least £1m. and protection for U.K. members of a consortium involved in a "jumbo" project against losses resulting from the insolvency of one of the other members.

ECGD also helps with pre-shipment finance where it is otherwise unavailable by providing unconditional guarantees to banks to provide the finance on a selective basis for capital goods contracts of £1m. or more. However, this finance is not available at concessionary ECGD rates but at 1 per cent over base rate.

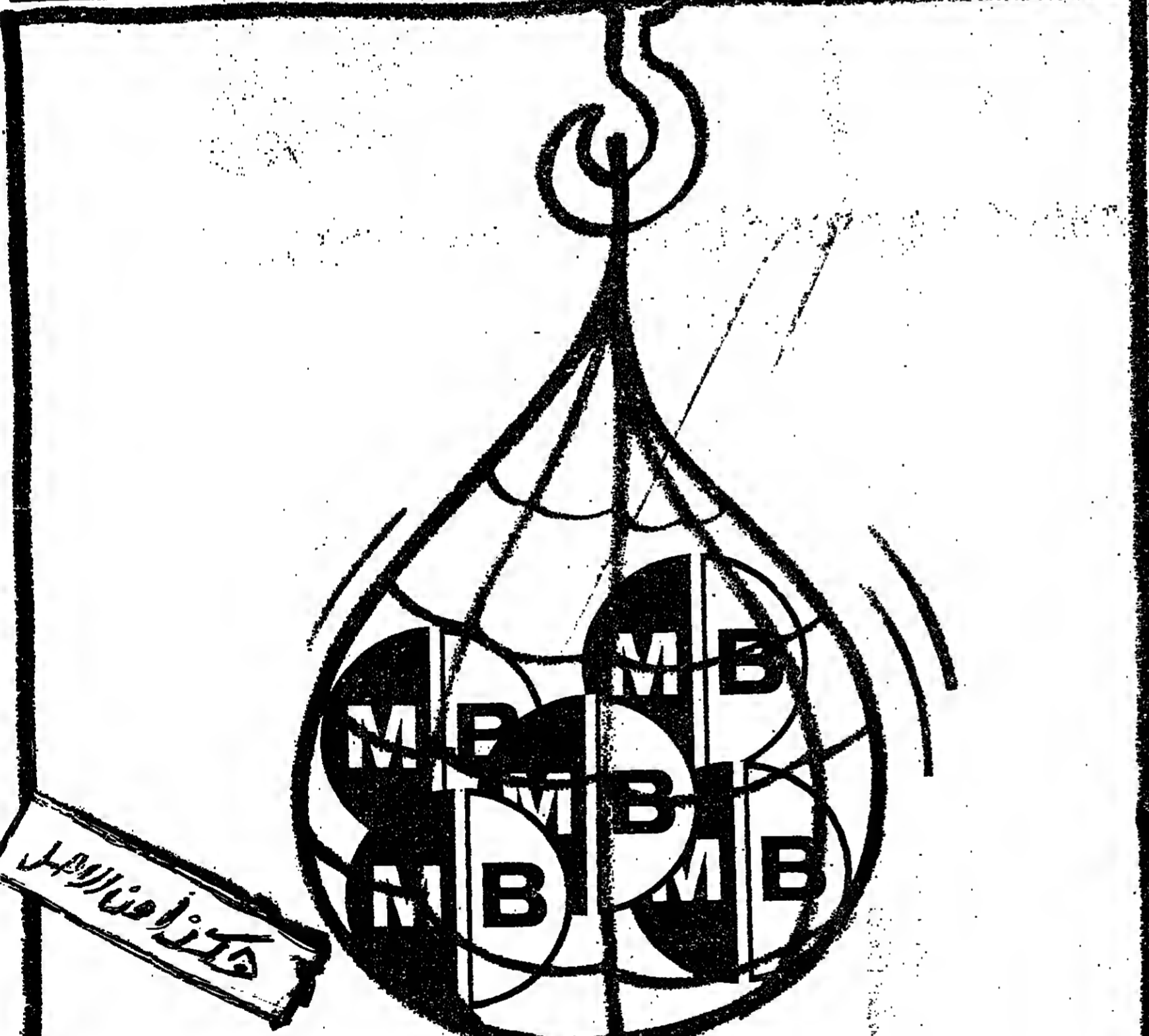
In addition to these sources are a number of government and commercial sources which put up a limited proportion of the money themselves. Since banks usually require "hard" security for this time of lending the bulk of medium- and long-term finance is firming houses and export finance houses. The export houses give credit directly to the overseas buyer, often using their own ECGD policy, without recourse to the exporter. The advantage in the exporter is that it is for him effectively a cash and contract with no responsibility

Diversified

Trading on open account, though once a well established method, is little used nowadays because markets have become more diversified. Buyers and sellers are less familiar with each other and the risks are therefore high. Acceptance credit is used mainly to finance a steady flow of large-scale business whereby an accepting house opens an acceptance credit in London for the foreign buyer. The deal can then be

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Security

The commercial insurance market, although predominantly domestically oriented, will also offer cover against commercial risks and may sometimes offer delivery guarantees for exporters as security that their overseas customers will be compensated for loss if they default in the execution of a contract.

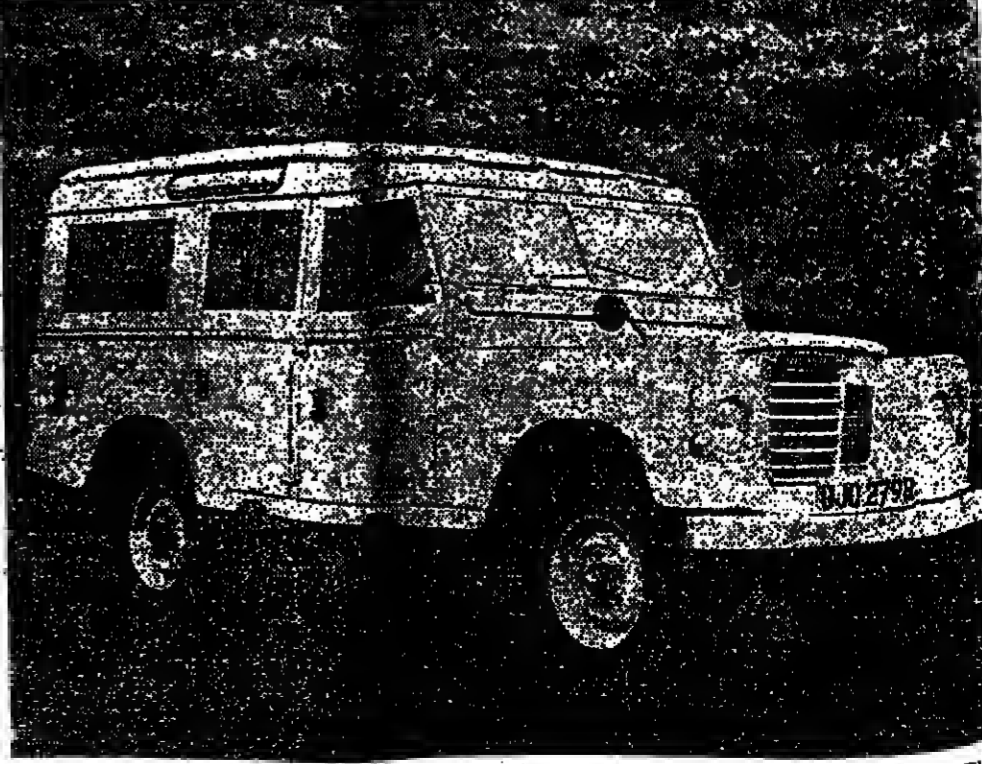
Medium-term finance is usually provided by the clearing, export finance houses and other financial institutions with the merchant banks usually acting as intermediaries—arranging of recourse financing by ECGD and the banks, a wide range of finance is available through the export houses which in the past financed all British trade—the export merchants, export managers, export agents, commercial market such as export issues, mortgages and debentures which cover the bank to the extent of 100 per cent of the credit allowed to the buyer.

In the case of supplier credits the exporter offers the overseas buyer extended credit, financed by the banks against bills or

U.S. banks are also known to be interested in getting in on the management side, much to the chagrin of the merchant banks whose domain it has been.

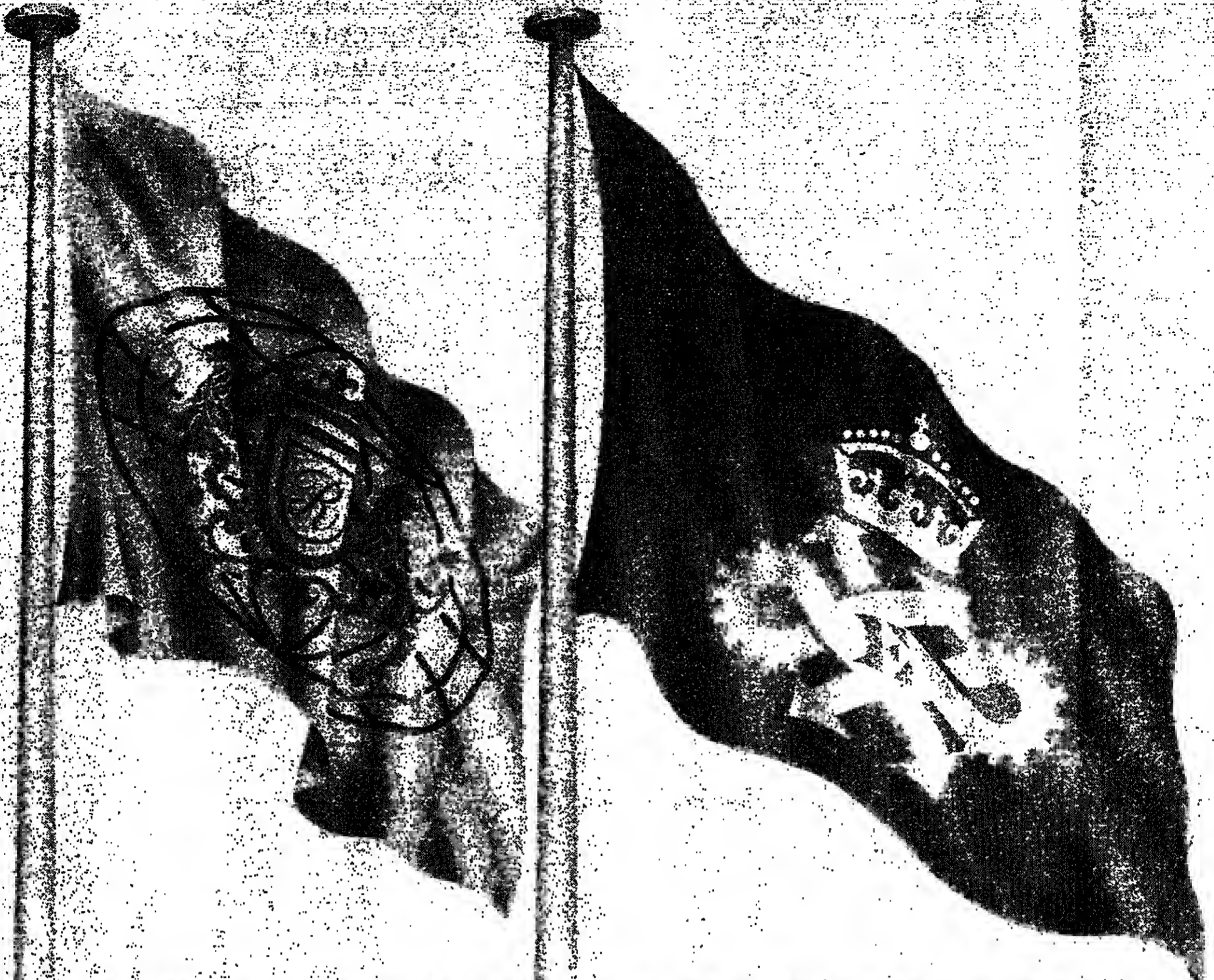
Another source of finance is the international credit lines which are reciprocal agreements between leading finance houses in Europe to provide instalment purchase.

To finance production there are a number of government and commercial sources available. These include development grants, loans for small companies in rural areas, the European Investment Bank loans. Similarly there are a variety of sources in the commercial market such as export issues, mortgages and debentures and loans from finance houses as well as the special institutions such as the Finance Corporation for Industry and its subsidiary the Industrial and Commercial Finance Corp.



In spite of all its troubles British Leyland is still the U.K.'s biggest exporter. Land Rover is one of its best selling products.

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Packman

BRITISH EXPORTS VIII

It is something of a myth that British companies prefer to invest abroad rather than at home. Such investment in any case, argues GEOFFREY OWEN, is essential to the U.K. export effort. Below, he considers the important contribution made to this performance by the numerous foreign companies that have set up in this country.

The British abroad...

ONE OF the most persistent accusations made against industry by Labour Party politicians and trade union leaders is that it has neglected investment in the U.K. in favour of acquiring or building factories overseas. This outflow of capital, it has been said, has contributed to the "de-industrialisation" of Britain and contrasts with the willingness of, say, German manufacturers to go on expanding in, and exporting from, their own country.

The argument is almost wholly false. Quite apart from the important balance of payments contribution which comes from the income on overseas investments, it is simply not true there is a uniquely British disposition to invest overseas rather than at home. In recent years, particularly as a result of currency revaluations, the major German exporters have been spending considerable sums on investment outside Germany, probably more than their British counterparts; the Volkswagen plant in the U.S. is one illustration. If anything, relatively low labour costs in the U.K. have discouraged British companies from adding to their overseas investments; they have been more inclined to use their U.K. manufacturing base to supply world markets.

Investments of this kind involve financial risk and a heavy commitment of resources—companies have to be selective in deciding which countries justify the effort—but without them the markets open to British exporters would contract. The conditions imposed by the host country are sometimes onerous. They may insist, for example, that part of the new plant's output be exported and these exports will inevitably displace goods that could have been shipped from the U.K.

These conditions are characteristic of the major manufacturing deals with the Soviet bloc (such as the Massey Ferguson tractor and engine project in Poland), but the "spin-off" advantages which accrue to the company and to the country can be considerable; for example, the Polish deal involves the supply of British-made machine tools and other equipment on a large scale.

In the advanced industrial countries the arguments for and against overseas investment are more complex, varying according to the nature of the product and the market. But in a good many sectors a company cannot expect to establish itself as a fully fledged supplier unless it has a manufacturing presence in the country. In Hawker Siddeley and GEC have the technological strength and scale of support to export Britain to support an export drive in the U.S., but both companies decided that the acquisition of an American diesel manufacturer was essential to the success of their marketing strategy.

"Having a presence" in a country is a vague concept, and there are often other motives besides the desire to increase direct exports from the U.K. Some products are not exportable, yet the benefits to the company of participating, for instance, in the U.S.—access to facilities, in order to save on imports and assist in the industrialisation process. The research and development re-supplying company must either make the necessary investment on to the rest of the organisation and make it more efficient.

These were among the considerations which led BOC, the most important markets for international, one of the world's company, especially for giants in industrial gases, to seek the acquisition of Airco when the Government decided in the U.S., a deal which was on a scheme for establishing a controlled over market would recent Appeal Court decision, of the seems likely to go through. The market, Leyland had a choice U.S. market is attractive in its but to participate. From a num-

ber of years the new Nigerian company will continue to be supplied with components from the U.K., but eventually it may become virtually self-sufficient and even export to neighbouring markets; the same process has taken place with Leyland's Indian truck subsidiary.

Because the U.K. economy has been growing slowly and because British companies want to grow faster, it is inevitable that an increasing part of their sales and profits will come from overseas, especially if they have products or know-how which can be marketed internationally. An example is Beecham, which now derives two-thirds of its business from overseas sales, including exports. Part of this expansion will be taken in the form of direct exports, part of overseas investment. Some of the overseas subsidiaries, for political and commercial reasons, will acquire a momentum of their own and may eventually form part of a worldwide network of plants; even the U.K. may be supplied with certain product lines from an overseas subsidiary.

There is nothing sinister in this process. What has been happening over the past decade or so has been the emergence of

a growing number of U.K.-based international concerns. They remain committed to the U.K. as the management hub of their operations and as the site of their most important manufacturing plants. Obviously the degree of commitment will depend not only on the product but also on the views and attitudes of the management concerned. A few may be so pessimistic about the outlook for the U.K. that they want to move some of their assets out. But the evidence suggests that these companies, if they exist, are in a very small minority. Indeed, it is arguable that during the last few years companies have become more cautious about overseas investment.

say, France, Germany or Italy were a good deal more advanced than they had supposed; and they began to wonder whether, after all, it might not be better to supply the market from the U.K. At least one major company has turned down overseas opportunities of buying Central European companies, often at apparently attractive prices, because it was convinced that the U.K. plants were efficient enough to supply the market; it wished to avoid the management difficulties involved in the acquisition of what in many cases were run-down concerns. If companies are becoming more discriminating in their overseas investment decisions, this is all to the good. But it would be unrealistic to hope for a general retreat to the U.K. Certainly the continued expansion of the British manufacturing plants is vital; some manufacturers may not need to supplement them with factories outside the U.K. But most companies which wish to make a major impact on the world market are likely to find that taking over a local company, a good many mistakes were made in this period. Many businessmen discovered that the problems of managing a business in

Springboard

In the years immediately before and after the U.K.'s entry into the Common Market there was a widespread view that companies should obtain a "springboard" into Europe by taking over a local company. A market is likely to find that taking over a local company, a good many mistakes were made in this period. Many businessmen discovered that the problems of managing a business in

U.K. NET PRIVATE DIRECT INVESTMENT OVERSEAS

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
EEC	33	51	30	73	105	78	263	223	519	519
Commonwealth	148	113	128	166	255	216	176	213	465	465
U.S.	23	42	52	84	54	134	129	105	277	277
Other countries	105	70	71	87	125	118	107	196	280	280
TOTAL	308	276	281	410	549	546	676	737	1,621	1,621

Source: Department of Trade. Note: These figures, which are not adjusted for inflation, illustrate the growing attraction during the 1971-73 period of investing in the EEC. (The EEC figures comprise the six original members of the Community up to 1972; thereafter the eight are included.) More recent investment in the U.S. appears to have been given a higher priority by many companies.

...and foreigners in the U.K.

The role of foreign companies in British exports: (1974)

Percentage of total exports accounted for by:

- U.S.-controlled enterprises 19
- Other foreign-controlled enterprises 6
- Associates of foreign enterprises 71
- U.K. enterprises 100

Access

Where the foreign investor entered the U.K. market, by building his own plant, by takeover, the acquired company has gained access to opportunities which would otherwise have been available. Take, for instance, the purchase of David Brown Tractors by the U.S. conglomerate, Tenneco. Some people may have regretted the deal on sentimental or nationalistic grounds, but Tenneco's J. I. Case subsidiary has a large and growing position in the world construction and agricultural equipment markets, and the opportunities available to David Brown Tractors have been enhanced.

Acquisitions by foreign companies have not always worked out as well as had been hoped for. Chrysler's purchase of Rootes is one example. One of the arguments for Chrysler's takeover of Rootes was that it would enable the British company to be sold in the U.S. through Chrysler's marketing network. For quality and other reasons the attempt to sell British-made cars in the U.S. did not succeed and the Chrysler U.K. operation was sold into a severe financial crisis last year. But Chrysler continues to be one of the U.K.'s largest exporters; it is doubtful whether, if Rootes had stayed independent, a similar performance could have been achieved. Certainly there have been disappointments. Litton Industries' experience with Im-

THE RECENT fuss over whether Hitachi, the Japanese company, should be allowed to manufacture TV sets in the North East of England illustrates a familiar dilemma in British attitudes towards inward investment. On the one hand the Government encourages foreign companies to bring their capital and their management skills into the U.K. to set up new plants and create new jobs, especially in the areas where unemployment has traditionally been high. On the other hand the U.K.-owned companies in the sector concerned often resent the arrival of the new competitor and protest that the Government should be more concerned with helping to strengthen the genuinely British part of the industry.

Fortunately for the vitality of British industry, the principle of encouraging foreign companies to come into the U.K. has almost always prevailed; it has been one of the few consistent elements in Government industrial policy since the war. As a result, foreign-owned companies have made a very important contribution to the country's export performance. It has been estimated that about 25 per cent of the country's total exports derive from the operations of foreign-controlled companies. Of the 100 companies which figured in last year's Financial Times list of top exporters, 30 were foreign-controlled.

There are several reasons why foreign-owned companies make a contribution to exports which is out of proportion to their role in the economy as a whole. First, they are frequently among the world leaders in their field. In such industries as electronics, chemicals, electrical and mechanical

engineering the companies which have set up in the U.K. have tended to be those with a wide lead in a particular group of products or processes. The majority are American companies which have seen the need for a manufacturing base in Europe in order to exploit their lead over a wider geographical area. Because of ties of language and culture they have usually made their first investments in the U.K.; even though these may have been supplemented later by investment in the Continent (especially during the period when the U.K. was outside the European Economic Community), the U.K. remains, for most of them, their main European base.

Second, the foreign-owned companies have international distribution networks which the British-made companies can easily be fitted. Companies like Ford and IBM use their role in the economy as a whole. First, they are frequently among the world leaders in their field. In such industries as electronics, chemicals, electrical and mechanical

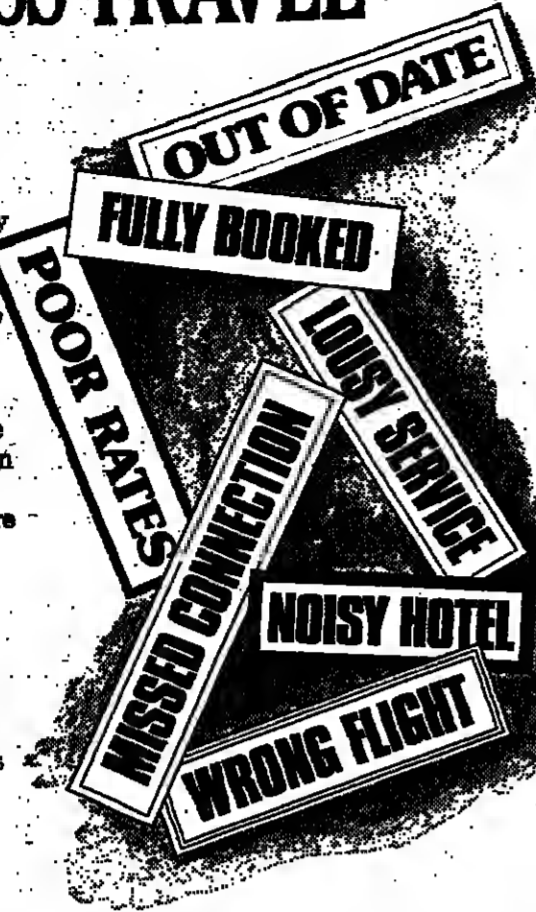
ample, have made the U.K. their most important production base outside North America for commercial vehicles.

Continued on next page

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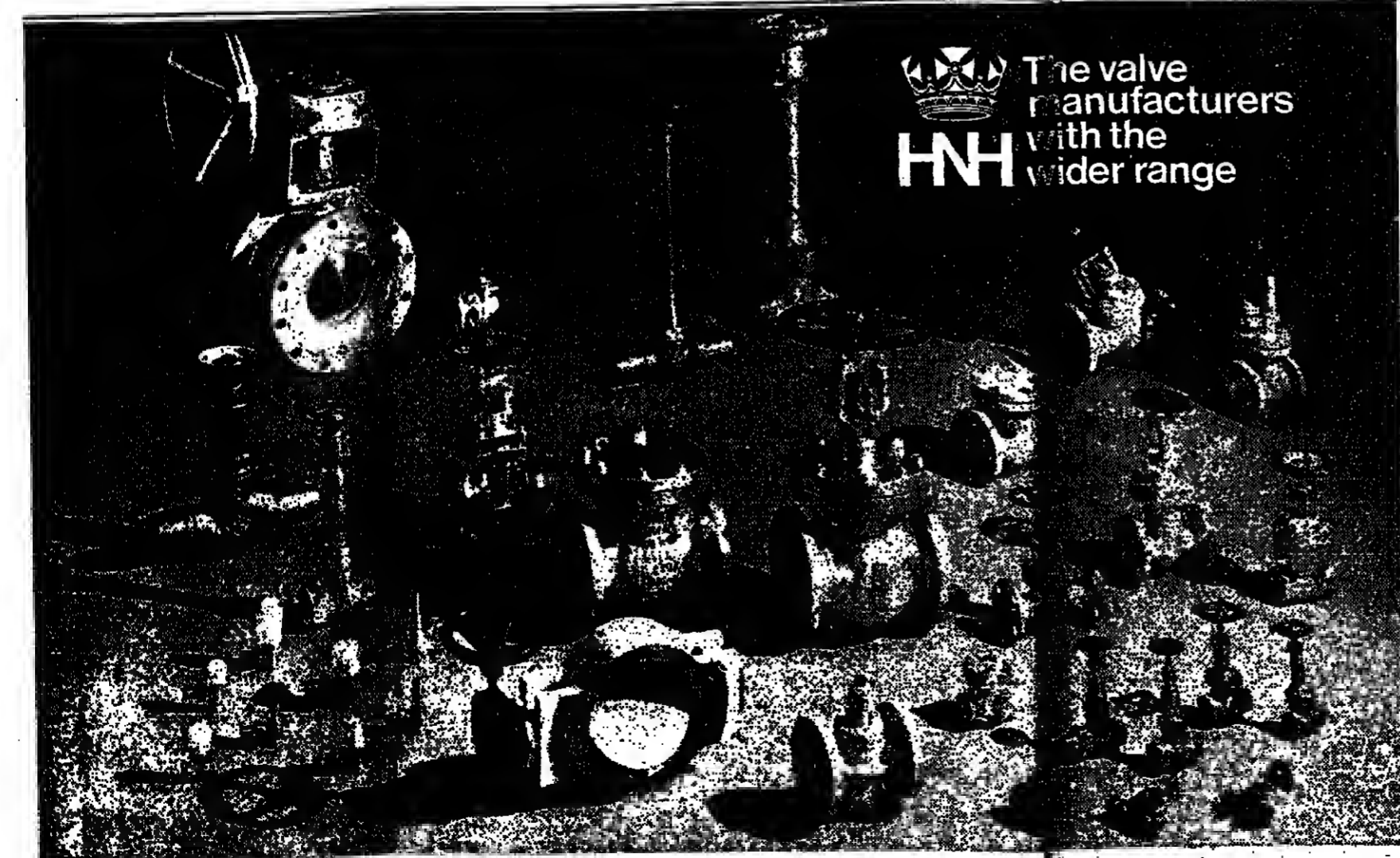
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In any case a great deal of the investment which does take place is directly related to exports from the U.K. The most obvious example is the investment which has been made in overseas selling and distribution companies. Within the EEC, for example, a good many companies have replaced their old network of independent agencies with their own subsidiaries. In order to provide more effective control over marketing an fuller participation in the profits that go with it. Earlier this year BSR, one of the outstanding British exporters, spent nearly £4m. to acquire a major Canadian distributor. Second, there has long been a tendency in the developing countries to encourage or compel their own manufacturing facilities, in order to save on imports and assist in the industrialisation process. The research and development re-supplying company must either make the necessary investment on to the rest of the organisation and make it more efficient. These were among the considerations which led BOC, the most important markets for international, one of the world's company, especially for giants in industrial gases, to seek the acquisition of Airco when the Government decided in the U.S., a deal which was on a scheme for establishing a controlled over market would recent Appeal Court decision, of the seems likely to go through. The market, Leyland had a choice U.S. market is attractive in its but to participate. From a num-



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DISTRIBUTION OF EXPORTS BY OWNERSHIP AND INDUSTRY IN 1974

(values in £m.)

	U.S.-controlled enterprises	Other foreign-controlled enterprises	Associates of foreign enterprises	U.K. enterprises
Food, drink, tobacco	91.9	94.4	6.2	787.1
Chemicals	304.3	136.5	61.1	1,132.1
Metal manufacture and engineering (including transport)	1,192.7	554.4	212.5	2,571.1
Shipbuilding and engineering (other than transport)	9.7	—	—	663.9
Motor vehicles	536.3	6.3	7.0	257.3
Other manufacturing activities	247.9	93.5	204.6	1,686.9
Other activities	37.3	80.4	0.5	949.2
All industries	3,470.1	965.8	491.9	8,265.3

Source: Trade and Industry, 16, 1976.

BRITISH EXPORTS IX

The falling exchange rate has done much to make Britain's exports more competitive. In most cases, as MARGARET REID points out, companies have chosen to charge higher sterling prices, thus giving the quickest possible boost to the balance of payments. But the high inflation rate remains a constant threat.

Making a profit

BRITAIN'S EXPORTERS have the advantages of the cheaper pound by charging prices worth an unprecedented boost to their more in sterling terms. This has raised their position in overseas markets through the near-20 per cent fall in sterling's world value in 1976. The signs are that the predominant effect of this has been an improvement in the profitability, and so the attractiveness, of exporting.

A key question, however, is whether this trend, which ceases to be a depreciation in the pound has been used to a substantial extent to obtain a quick lift for companies—and Britain's—overseas earnings, has offset the country's world competitive position as strong as it needs to be in 1977 and beyond.

The fact that Britain's exports last year rose 83 per cent in volume and no less than 30.5 per cent in value shows how relatively promptly sellers took advantage of the scope afforded by the rapid cheapening of the pound throughout 1976. This quick response, producing a respectably larger quantity of physical exports—and a much more strongly increased sales proceeds as a result of higher prices—shows a growingly sophisticated reaction by companies to the potentialities created by a slide in the value of a country's currency.

Gone are the days when a price... was a price... was fixed in sterling and applying to all goods whether sold at home or overseas. Now, more aggressive British export pricing has enabled a more rapid harvest to be garnered on a fall in the pound. This turn has meant the virtual elimination of the old "J curve" phenomenon, under which devaluation formerly worsened the trade balance until enough goods had been ordered into the export market to make up for the fact that it was tending to earn less than previously.

Foreigners

CONTINUED FROM PREVIOUS PAGE

penetration, leading to the sure of two substantial factors, was one example. But evidence of a few failures is enough to justify a more restrictive approach to foreign investment. There are existing provisions, through exchange control procedures and mergers legislation, for barring foreign covers if they are likely to have an adverse effect on the country's balance of payments. To tighten up the regulatory system would be unnecessary and tend to deter potential new investors.

Equally, there is no justification, even if it were possible to do so, for attempting to limit foreign-owned company's ability to import from its affiliated companies overseas. For one of the American-owned multinationals, the attraction of U.K. as a manufacturing base would be greatly reduced if it was not integrated with the rest of the worldwide organization. For example, the various European plants planned and managed as of a coherent whole, based on economies of scale in component production and in final assembly.

exporters and the more marked upswing in export prices—although in particular to one special factor in it. "The cost-competitiveness of U.K. industry has probably been much improved by sterling's depreciation. However, export prices in sterling terms have also increased faster than domestic prices, perhaps because of a growing tendency to invoice in foreign currencies. So the relative profitability of exports has improved during the year—at the expense of gains in the price-competitiveness of U.K. exports as conventionally measured."

One of the significant recent changes has been the switch towards more invoicing in foreign currency—a practice which obviously tends to secure a greater immediate yield in foreign currency pricing have been strongly stressed in official

quarters lately, the British Overseas Trade Board having underlined a number of favourable aspects in letters to company chiefs. The Board has pointed out that foreign exchange markets can be used for the forward sale—that is, the fixing now of terms for a future selling—of expected foreign currency receipts from contracts in exchange for sterling. Thus the uncertainty about prospective receipts is eliminated, while a premium quantity of pounds can be assured, because of the discount on sterling against many currencies: this allows either higher profits to be reaped or lower prices quoted.

Other advantages claimed by the BOTB for foreign currency invoicing are that this may be a more familiar form of pricing for the foreign buyer, and that cheaper finance may be

obtained for an export contract expressed in foreign currency. The fact that the Export Credits Guarantee Department now ties certain of its guarantees to foreign currency financing, and expects this form of financing for larger contracts, is yet another influence tending to create a shift towards foreign currency invoicing.

Some companies, however, are unhappy about the idea of a switch to foreign currency invoicing, partly because of the departure from long-established practice, and partly because of the risks involved through uncertainty over future exchange movements. One or two more confident and optimistic industrialists point to the unhappy position they would be in if, having switched to foreign currency invoicing, they were to find the pound becoming stronger as North Sea oil flows and the balance of payments improves, so reducing the sterling value of their receipts.

The fact that companies have moved much more swiftly of late to hoist their export prices in terms of sterling (whatever the currency of invoicing) cannot reasonably be regarded as culpable, although it often gives a boost. Apart from the national viewpoint that this has helped to lift the total proceeds of export sales, the better returns are an inducement to companies, through the favourable impact on profits, to give much needed greater priority to overseas sales. Higher profits, where they result, also encourage capital investment and fortify the general strength and

Striking

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BRITISH EXPORTS X

The large package deal contract poses problems for companies bidding for such work, especially if, as is now more common, fixed price tenders are demanded. LORNE BARLING considers why Britain has not done well in this field, while below, NICHOLAS LESLIE writes about the management of a company's export effort.

The jumbo contract

THE HUGE world market for ever, the need for industrial plants such as refineries, chemical plants and power stations, known as jumbo projects, is one which offers great rewards to contractors but at the same time presents great risks because of their size and cost.

In recent years the powerful contracting companies in the U.S. and Japan have dominated this market, which in the process plant alone is expected to be worth the huge amount of \$1,440bn. in the next decade. This is due largely to the need for developing countries all over the world to build up their industrial base with plants such as these.

In the Middle East, where oil producers intend to turn their wealth into even more valuable products such as chemicals and plastics, demand has been phenomenal. At the same time the U.S. and Japan, in particular, have needed to offset their oil import costs with a high level of exports, so competition in the area has been intense.

Although British and European contractors have had considerable success in some Middle East countries, the lion's share of the work has gone to the U.S. and Japanese companies with the capacity to undertake projects which are sometimes worth as much as \$1bn.

Even so, these companies often sub-contract a large part of the work out to specialist companies, and in some cases they merely manage the construction, playing only a small role in supplying the component parts. Similarly the risks and rewards are also shared in many cases by the formation of consortia involving a number of companies, often from different countries.

And although competition for the large contracts is usually intense, most companies are content to win only a small proportion of those contracts tendered for, because there is a great deal of work available and the world market remains very large. However, there has been considerable concern, and there is a standard and relatively limited range, all agents, all of which send in their orders to the export department.

One of its prime functions is to forecast demand, and to ensure that when orders are put in, good notice is given for the delivery dates required. To do this, the department has to analyse the trend of sales in the past and project a pattern for the future. It will then have to negotiate with the company's factories the rates of production required for different products.

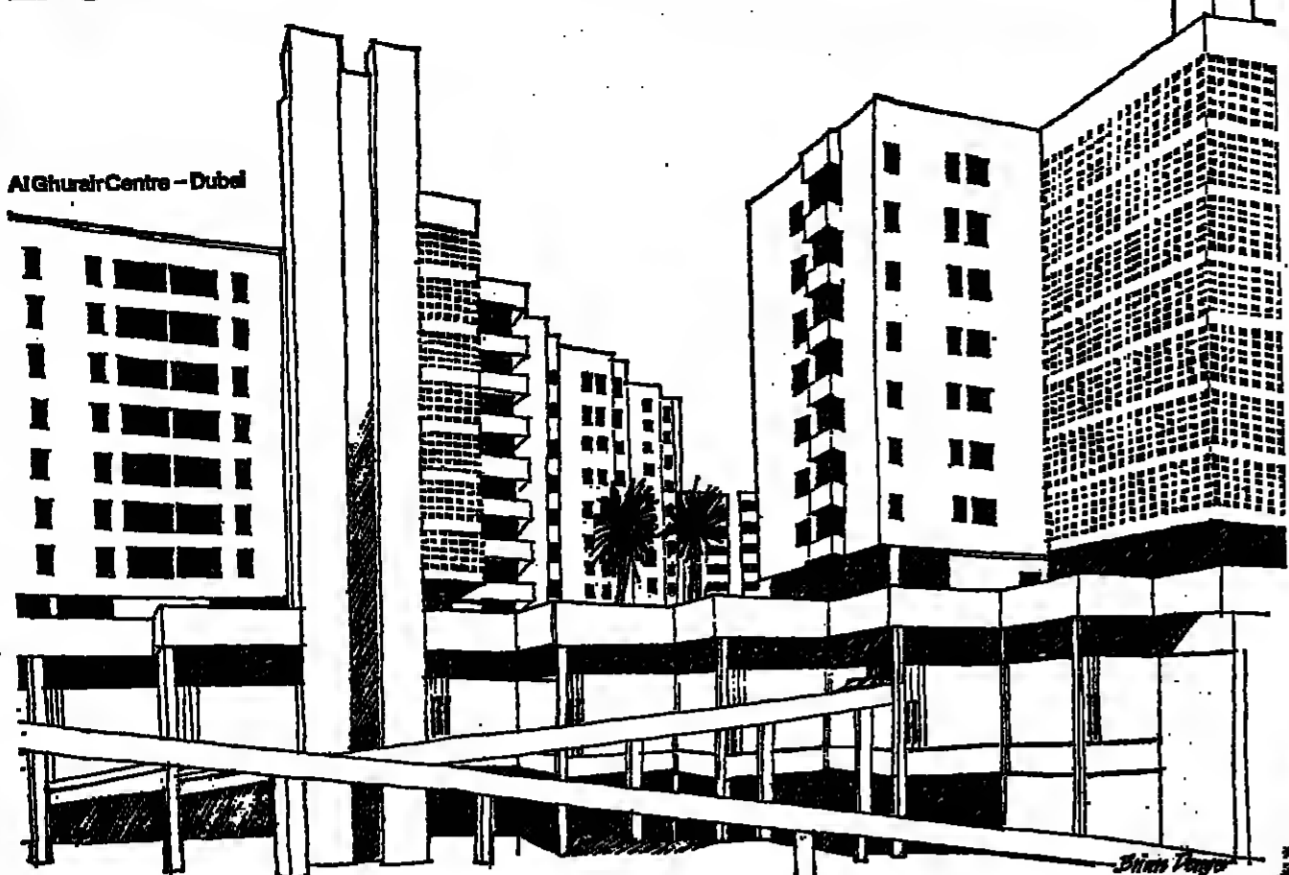
Another responsibility is to maintain good stocks of all products to ensure that demand can be met. For example, the company may sometimes find that a foreign customer will have an allocation of foreign currency for specific products which he has to spend by a certain date and this can create a sudden surge of demand for the exporter if he succeeds in getting the contract.

It is equally imperative that the export salesman should demand high quality for the product he is selling and to reject anything which he considers to be under par. For unless the highest standards are established at the outset erratic product finish may soon develop to the obvious detriment of the exporting effort.

An efficient invoicing system will be another requirement, but with the smaller company it is quite likely that this function, together with finance, insurance and transport will be handled by the existing departments of the company concerned, with the export manager merely drawing on the help of each.

With big companies there is no set pattern to the type of export management undertaken. Where capital goods are concerned, there is a standard and relatively limited range, all agents, all of which send in their orders to the export department.

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Export management

For all exporters available of sea and air transport are crucial and if it is doing its job properly the export department will maintain the right contacts in the right places. With large companies a shipping division will probably be maintained as part of the department. It will deal with the various shipping companies, and also with shipping agents (small companies will probably use agents a great deal) when exporting to countries where special conditions apply and particular expertise and knowledge is required. It is considered good sense to maintain close contact with the U.K. shipping ports around the world as can be justified by the amount of business involved to provide flexibility should any problems arise at one particular port.

The export department will prepare all bills of lading together with invoices and other documents and weight of a product.

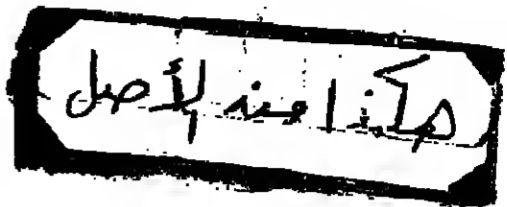
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ICI's exports were worth £100 million last year. The photograph shows drums of catalyst loaded for shipment to Egypt.

BRITISH EXPORTS XI

The growing contribution of the consultant tends to be overlooked in the statistics of invisible earnings. But, as MICHAEL CASSELL says, Britain has an unrivalled range of services and depth of experience, and these are now beginning to be better co-ordinated.



The consultant

ALTHOUGH THEIR efforts and mining and ecological con- appear to have gone largely un- sultants are complemented by s- pected in high places, there has been teams offering additional spe- phen a phenomenal rise in the cialist skills and know-how in s- due of work being banded by areas such as airport, health s- ose U.K. professions, asso- and naval installations through s- ated with the world of con- to exhibition complexes and s- ruction.

Each month the figures on Britain, in short, has de- rtain's overseas earnings illu- veloped a breadth and depth inate the contributions made in its range of consultancy ser- vices which puts them among the traditionally accepted and s- cognised "invisible" areas the best in the world and which s- ch as shipping, banking and s- urance. But the expanding s- de of the army of consultants s- ho work alongside British and s- reign contractors around the s- one is still generally disre- s- rded.

Official recognition or not, s- wever, the growth in U.K. con- s- ultants' foreign earnings has s- expand and looks set to con- tinue at an even faster rate in s- the immediate future. At the s- ginning of this year, consult- s- ants were calculated to have s- en involved in foreign con- s- tracts valued at a staggering s- 5bn, against £15bn. in the pre- s- vious 12 months. The fees s- generated by consultancy ser- s- vices from overseas clients is s- pected this year to reach at s- least £300m.

The rapid growth rate, how- s- ever, has not come about sim- s- ply because of the sharp deterio- s- ration in work levels experi- s- enced in the domestic market- s- place or because of the Middle s- East sliding boom.

The consultants themselves s- find that their current suc- s- cesses are the result of many s- years of hard work, during s- which their reputation for s- swiftness, reliability, im- s- partiality and generally high s- standards of professional in- s- tegrity have been painstakingly s- established.

There is no doubt that the s- "army" is a large and s- aggressive one. Architects, su- s- rors, town planners, manage- s- ment and economic consultants

Expansion

The rapid expansion in busi- s- ness for the consultant abroad s- is not hard to explain. In ad- s- vising the foreign client, partic- s- ularly in a developing nation, s- he can invariably offer a range s- of resources and level of special- s- ist experience with which few s- local consultancies can compete. s- On the other hand, few contrac- s- tors entering one of the devel- s- oping nations for the first time s- have some or any knowledge s- about the working conditions, s- they are likely to confront.

Variations abound in plan- s- ning and building regulations s- and documentation, tendering s- and

general legal procedures and s- while much of this advice might s- be forthcoming through a local s- partnership, consultants offering s- local knowledge as well as prin- s- cipal skills are at a premium.

One area of continuing con- s- cern in some circles is the ex- s- tent to which the consultant is s- prepared to accept responsibility s- for the projects in which he is s- involved. Current conditions of s- employment assess the extent s- of their risk at no more than s- the total of fees paid and if s- subsequent claims arise the s- degree of responsibility can be s- at the centre of some protracted s- and potentially damaging nego- s- tiations. There are some hopes s- that ECGD arrangements cov- s- ering such items as materials s- and supplies will be extended s- to embrace consultancy services.

It was on the subject of s- liability that one of the U.K.'s s- leading consulting engineer- s- ing practices recently gave a s- remarkable warning in respect s- of one particular Middle East s- market, namely Iran.

Last month, Brian Colquhoun s- and Partners had some clear-cut s- advice for firms contemplating s- work in that country. It warned s- that there was no law in Iran s- which limited the liability of a s- contractor or designer to any s- period of time after completion.

The firm said it had been s- forced into making a public s- pronouncement following prob- s- lems which had arisen after the s- collapse two years ago of the s- terminal building at Mehrabad s- Airport in Teheran, where it s- had been responsible for the s- design of the finishes.

Senior partner Mr. Brian s- Colquhoun said he thought his s- firm could be losing business in s- the Middle East because of un- s- certainty over who had been s- responsible for the collapse. He s- was adamant that the blame did s- not lie with Brian Colquhoun s- and Partners but rather with s- the Iranians who had over- s- looked the root of the building

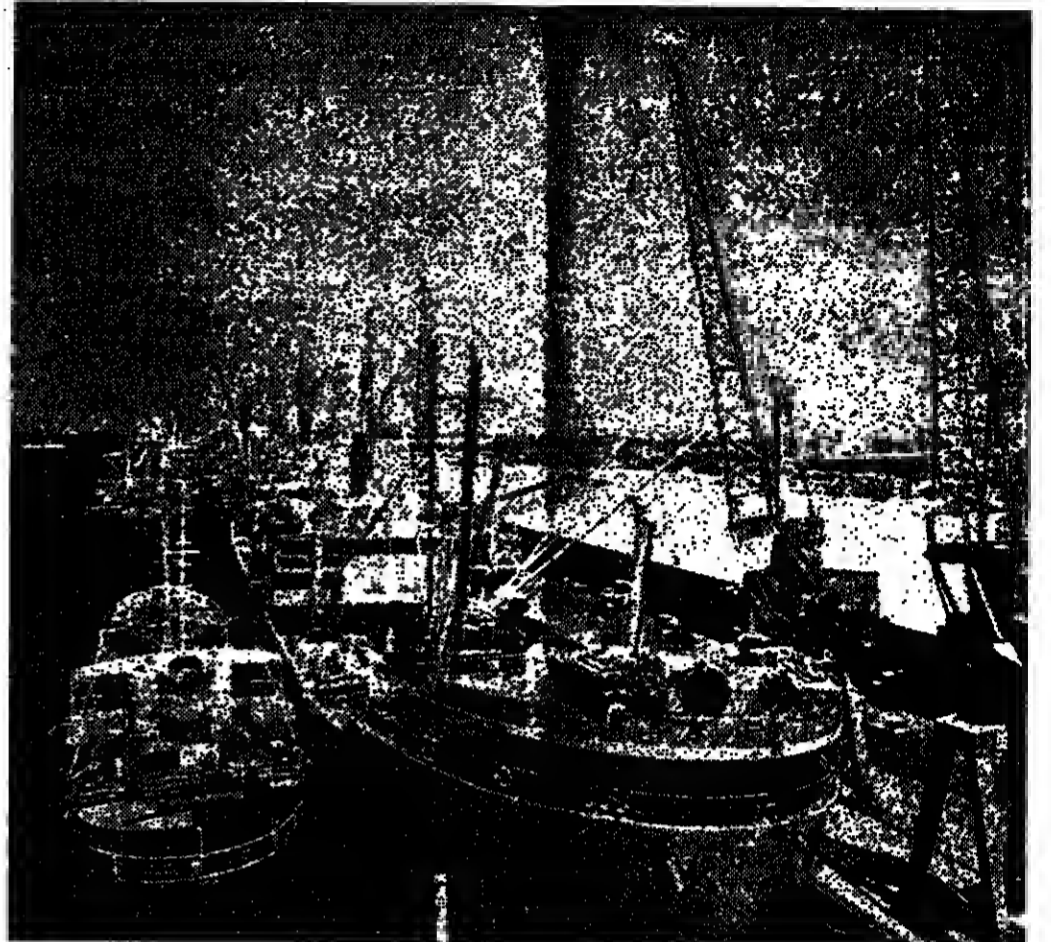
As far as the general U.K. s- effort to promote its collective s- expertise in consultancy is con- s- cerned, there is a feeling that s- more centralised control is s- required in order to maximise s- the opportunities for business s- now available in some areas of s- the world, notably the Middle s- East, Africa, Australasia and s- South America.

Much of the momentum in this s- field is now coming from the s- British Consultants' Bureau, s- established 12 years ago as a s- multi-professional body de- s- signed to promote the range of s- U.K. consultancy services avail- s- able abroad. The Bureau now s- has 200 of the largest consult- s- ing firms in the U.K. for its s- members and exists to provide s- and advise and support for s- consultants tackling oversea s- markets.

The Bureau believes that con- s- sultants need a stronger voice s- and must direct at least some s- of their energies into becoming s- less fragmented than in the s- past. The type of approach now s- being adopted by the Bureau s- reflects the "work together and s- attack outwards" theme which s- the Department of the Environ- s- ment, through its Constructio- s- n Exports Advisory Board, is s- now attempting to instill into s- the building and civil engineer- s- ing industry as a whole. The s- least that can be said is that s- the consultants in particular s- themselves a very good foothold s- from which to make their next s- major steps.

Unusual

The incident was an unusual s- one but it nevertheless provided s- a clear illustration of the sort s- of difficulties which both con- s- tractors and consultants working s- overseas—not merely in the s- Middle East either—may have s- to confront. No one is of course s- suggesting that anybody should s- be held responsible for some- s- thing which did not form any s- part of their original remit, but s- there are U.K. critics who feel s- that consultants in particular s- should show themselves more s- readily disposed to accepting s- responsibility if and when s- reasonable claims arise.



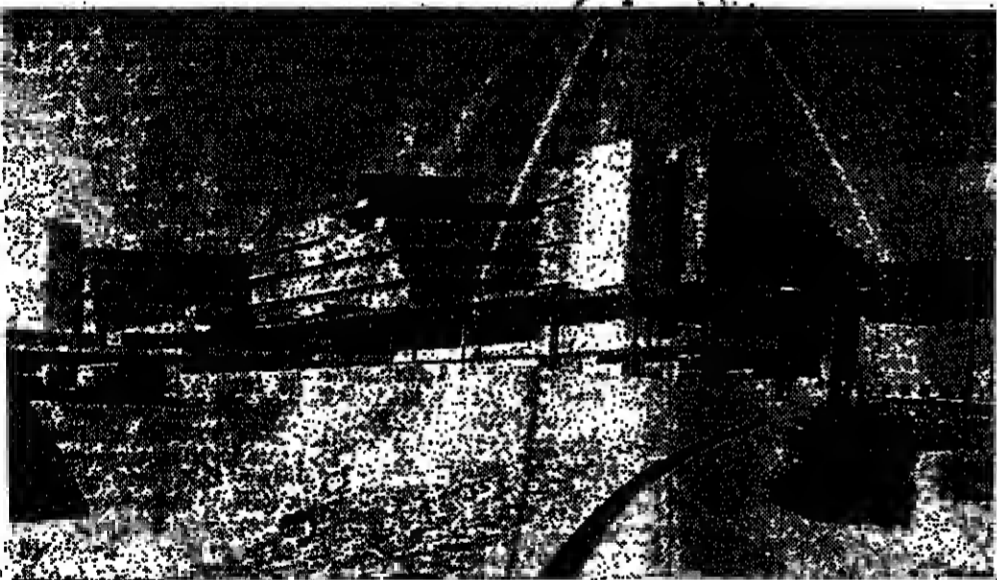
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Riyadh Conference Centre in Saudi Arabia: architect for the project was Trevor Dannatt and consulting engineers Ove Arup and Partners.

Management

CONTINUED FROM PREVIOUS PAGE

its price in different mar- s-kets. The financing of export s- ventures will either be the s- responsibility of a particular s- company or of a group of com- s- panies. Another key function of the s- export department is if it is in s- the early stages of its creation s- and is trying to deal with a num- s- ber of group companies is, oddly s- enough, to try and get all of s- the companies to start thinking s- in an export-oriented manner— s- accepting, for example, that s- the demands of a foreign coun- s- try are going to be different s- from the U.K. and that some s- modifications may be demanded.

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marketing of different products. s- Even getting agreement on the s- type of literature to be used s- can prove a headache.

There is also one other aspect s- of exporting which will undoubt- s- edly require specialist advice, s- but which the export director s- and his key staff should be s- familiar with in broad detail— s- international trade law. With s- most major developed countries s- there is usually little legal s- difficulty involved in a trade s- deal, but with some other coun- s- tries—and in the Middle East s- some definitions as to what is s- and what is not a contract can s- sometimes be a little confusing— s- it is clearly advisable to be s- acquainted with the fact that s- problems might exist even if s- the export manager does not s- have a full knowledge of how s- to get them solved.

Nicholas Leslie

BRITISH EXPORTS XII



The Long Room at Lloyd's.

Invisible earnings—from services, dividends, shipping, aviation and tourism, as well as the activities of the City of London—continue to be a major contributor to the balance of payments, offsetting to some extent the deficit on visible trade. PETER RIDDELL reports.

Invisible wealth

The surplus on Britain's invisible earnings overseas has risen rapidly during the past couple of years, making an important contribution to the gradual improvement in the current account of the balance of payments. Last year, for example, a £610m. rise in the net surplus on invisible earnings to £2.17bn. more than offset a near £400m. deterioration in the visible trade deficit to £3.59bn. But the invisibles surplus could be approaching a peak in 1977 before declining during the rest of the decade as profits are earned by foreign companies in the U.K. from the increase in North Sea oil production. The rise in this oil output will (and is) producing large benefits for the visible account.

Invisibles have been an important contributor to the balance of payments for a long time; there has been a surplus for most of the past 20 years. This partly reflected a rise of £125m. in private contributions to the European Community budget at the same time as receipts from EEC were £142m. lower at £221m. This in turn partly reflected a change in the arrangements by which payments from the Community were made under the common agricultural policy. Expenditure on military services, mostly in the Federal Republic of Germany, rose by £180m. to £833m., mainly because of the fall in the value of the pound.

In addition, the public sector also had a deficit of nearly £640m. on interest, profits and dividends. This reflected a substantial rise in payments of interest on Eurocurrency borrowings as a result both of a rise in actual debts and of the impact of the fall in the pound. Total public sector foreign currency debts outstanding are now some £21bn.

The net result of these transactions is that the Government and the public sector last year had a net invisible deficit of £2.19bn., offsetting a private sector surplus of £4.36bn.—an increase of around 42 per cent. on the level in 1975, partly also as a result of the direct and competitive advantages given by the fall in sterling.

Surplus

The Committee on Invisible Exports and other bodies, especially those associated with the City, understandably draw attention to the size of this net surplus on private sector invisibles which can be overlooked in the concentration on the visible account. After all, gross private invisible earnings of £12.8bn. last year—up from £10.27bn. in 1975—are equivalent to around half the level of visible exports.

Sea transport has traditionally been one of the largest earners of invisibles for the U.K. though it tends to hover between surplus and deficit overall. In 1976, sea transport had a credit of £3.08bn. but there was also a debit of £3.14bn. While the net credit on dry cargo operations remained almost constant, despite the falling value of the pound, increased credits of some £200m. due in tankers were more than offset by a £255m. increase in debits.

A major boost last year came from travel where the net credit rose from £236m. to £829m. The tourist and travel trade has benefited considerably from the impact of the continued fall in the value of the pound, which has encouraged—overseas visitors to come to the U.K. At the same time visits abroad by U.K. residents have been limited both by the adverse effects of the fall in sterling and by the squeeze on disposable incomes and the recession. The result was that overseas visitors spent some 45 per cent. more sterling last year whereas U.K. residents' expenditure abroad rose by only 13 per cent. The extent of the turnaround is shown by the fact that this account was in net deficit as recently as 1973. (This subject is discussed in more detail in an accompanying article in this survey.)

The changing pattern of travel as well as a rise in the sterling value of air tickets sold abroad (where prices are fixed internationally) boosted credits on air transport by 35 per cent. last year to £1.05bn. while debits rose by only 20 per cent. to £780m. The net result was that the net credit on civil aviation more than doubled to £270m.

Nat earnings from other services increased by just over £500m. to £1.85bn. This takes in a rise in earnings of £180m. to £935m. in the broad area of financial activities. This covers insurance, banking and other financial services (more detailed figures will be available shortly). The fall in the pound has had a direct impact on transactions originating in foreign currencies of, for instance, insurance brokers and Lloyd's.

Within this general category, overseas construction earnings increased by £184m. to £476m., reflecting the benefits of the major expansion overseas of British contractors in the last few years, notably in the Middle East. Net earnings from other services were also boosted by an estimated rise of £100m. in expenditure in the U.K. by overseas students and foreign Governments.

The other major category is interest, profits and dividends, where net earnings rose by £166m. to £1.08bn., still well below the record level of 1973

and 1974. However, if the public sector interest deficit is stripped out, the net surplus on private sector interest, profits and dividends rose by £200m. to £1.72bn. The fall in the value of sterling affected all the items here without the additional favourable impact on volume of business, as seen elsewhere notably in tourism.

The fall in the pound is officially estimated to have accounted for a major part of the 21 per cent. rise last year in earnings of U.K. companies on their direct investments of £1.92bn. But the share of the profits which were not remitted back to the U.K. rose to 60 per cent.

Earnings of overseas companies on their direct investments in the U.K. rose by 10 per cent. to nearly £1bn. This followed two years of depressed earnings caused largely by losses incurred in the motor industry, and there would have been a loss again in total some losses (in Chrysler U.K.) had not been underwritten by the Government. Well over half of direct earnings were invested in the U.K.

Elsewhere in this category U.K. oil companies increase their earning on overseas investments while foreign oil companies made a net loss on investments in the U.K. because North Sea exploration activity there was little change in year in the portfolio income of U.K. residents. But there was a substantial rise in the interest earned on sterling lending, including to non-residents financing of U.K. exports and banks' earnings on their banking and lending in overseas currencies grew sharply as external assets in overseas currencies also increased rapidly.

This broad outline of distribution and trends in invisible earnings during the last couple of years makes acceleration in the growth of the surplus during last year particularly as the impact of the fall in the pound was through. Thus by the quarter the invisible surplus was nearly £620m. compared with just over £400m. at start of 1975.

There is no dispute that the surplus will continue to rise significantly this year. A set carried out by the Committee on Invisible Exports indicates that the net overseas earnings (gross invisible payments) of major U.K. service industries are likely to increase by around 25 per cent. this year.

The biggest predicted improvement is from British construction work overseas where the Association of Consulting Engineers and the Export Group for the Construction Industry both forecast substantial increases.

Increases

Otherwise, sharp increases overseas earnings are expected from tourism to the U.K. and from the major U.K. airlines and in both cases the fall in the value of sterling has played a major part.

The main areas of City earnings, such as insurance brokers and companies, and banks, are also optimistic about 1977 prospects. Export houses have projected an increase of between 10 and 11 per cent. in overseas earnings although, like commodity traders, they may be adversely affected by the recent exchange control restrictions on the use of sterling to finance third-country trade.

Indeed the prospects appear to be mixed in commodity trading according to the Committee on Invisible Exports survey, though some soft commodity brokers are predicting a substantial rise in net overseas earnings following recent price increases. However, the Baltic Exchange does not expect any growth in earnings and mentions the possibility of a slight decrease because of conditions in the freight market.

Looking further ahead, the growth in invisible earnings will, of course, depend not only on the performance of sterling but also on the growth of world trade. However, the total will be affected by the increasing flow of profits overseas from the boom up of North Sea activities as well as by increased public sector interest payments overseas.

The London Business School, for example, has forecast a rise in the invisible surplus from £2.168bn. to £2.65bn. between 1976 and 1977, but has projected a drop thereafter to £1.96bn. in 1978 and to £1.12bn. in 1979 with the North Sea as the most important factor.

Peter Rid

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BRITISH EXPORTS XIII

The life of the export salesman is not an easy one, and the precise reason for his success can often be difficult to pinpoint. On this and the following two pages FT writers look at a selection of companies that have done well during the past year, at the contracts they have won—and why.



Stories of success

Steel plant for Latin America

IT WAS nearly four years ago that Davy Ashmore International's intelligence network turned up evidence that demand for steel plants in Latin America was ready to take off. The careful planning and work that went into the project earlier this year bore fruit in the form of a contract for a Brazilian steelworks. Davy estimates they will bring between £150m. and £200m. of exports and provide 20,000 man years of work for the U.K. between now and the end of 1980. Davy readily admits that its partnership with merchant bankers Morgan Grenfell from a very start of negotiations is an essential element in winning the Brazilian contracts.

"The requirement is to go in with a financial package right at the beginning of negotiations. A sales effort is then a combination of technology, proven ability in the field and the ability to provide an extremely attractive financing package," says Mr. Arthur Whitting, managing director of DAL.

What made a partnership so essential on this occasion was that the Brazilian client, Acominas Gerais (Acominas), opted for negotiated contracts rather

than for putting them out to tender. Acominas decided that a tendering operation would make it take from six to 12 months to complete the process. The bidders would have to take into account as every extra percentage point on the price of such a huge project—estimated at 1.75bn.—would be costly.

Acominas decided, therefore, to offer five separate contracts for what will be a fully integrated steelworks because it also recognised that such an enormous project could not be handled by the plant makers of any one country.

Turning away from the Japanese, already heavily involved in the Brazilian steel industry, and the Americans, who have been falling behind in the technology they have to offer, Acominas looked towards Europe and to Davy. It asked the U.K. group to co-ordinate the supply of equipment and negotiated terms from France, Germany and Italy, as well as Britain. Davy was, therefore, chosen to lead a European group but a group which was not a consortium.

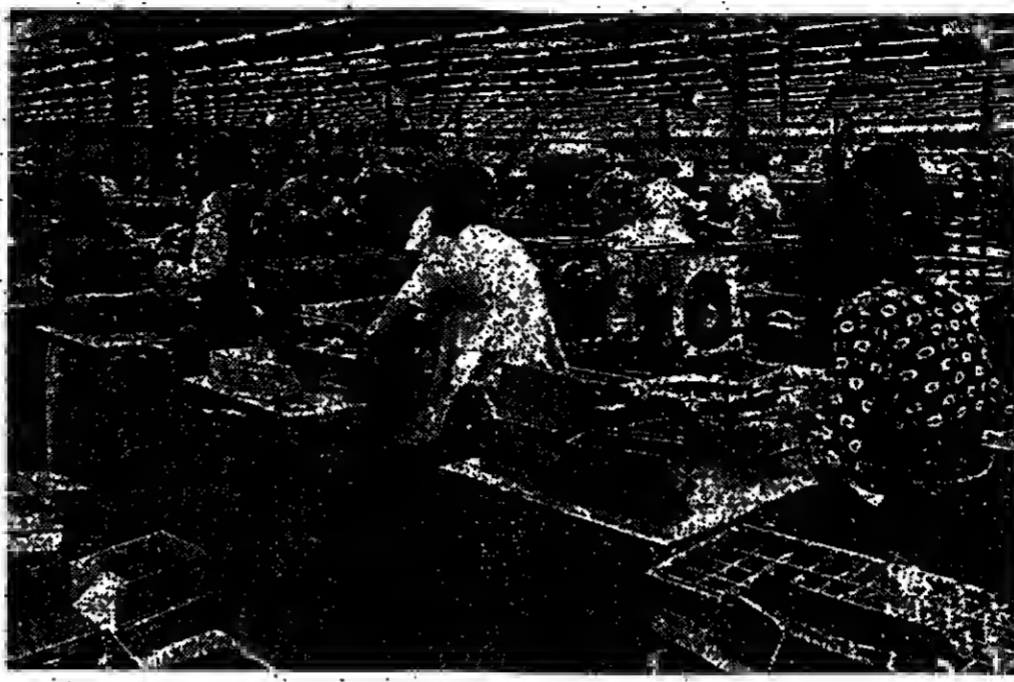
On the financing front, Morgan Grenfell could offer a combination of long-term substantial loans—in sterling, coupled with the ability to help the Brazilians raise Eurodollars to pay for their part of the steelworks project.

The Japanese were also able to offer export finance, of course. But not on such favourable terms. The U.K. finance carried an interest rate which was lower, covered a longer period of time and was in a "soft" currency.

Significantly, the Italians dropped out part of the way through negotiations over the question of credit supply. They insisted the credit be in U.S. dollars or German D-marks. The Brazilians wanted Italian lira.

As the credit period in this particular case is 12 years the Brazilians were naturally more interested in borrowing currencies which were likely to depreciate substantially over that time—currencies like the lira and sterling.

The extremely long-term loan is necessary because it is unlikely that any major steelworks project would go ahead without the borrower being given this kind of credit period. It takes a long time for a new steelworks to generate the cash flow which enables repayments to be made.



Record changer assembly at a BSR factory.

Advantage

This had the advantage that no one company had to take ultimate responsibility for the whole project and there were no problems over "joint and several guarantee" arrangements.

In the event, two of the five contract packages went to Davy, one each to the Censat-Loire of France and Ferrostaal of Germany and one to a Brazilian contractor. By virtue of its leadership role, Davy's piece of the "pie" is roughly equal to those of Germany and France combined.

After signing the deals, Mr. Robert Owen, the Morgan Grenfell director who worked on the scheme, commented: "The Brazilians now see Europe as a place to be dealt with separately and it is gratifying to see the U.K. in a leadership role in the European context."

Kenneth Gooding

A record for turntables

WHEN A company already has 70 per cent of the world market for record turntable equipment, as BSR, the Midlands based specialist has achieved, spectacular gains are out of the question and it is new markets, like Japan, and new products, like Accutrac, that are needed to capture new segments of existing markets, or markets not already being cultivated.

Japan was the most difficult market to crack. BSR had em-

ployed an agent in Japan for six years or so before, in September, 1972, industry was liberalised and the duty rate dropped from 40 per cent to just 4 per cent. In October BSR became one of the first British companies to set up in Japan, and Mr. Roger Allen, now the director in charge of marketing worldwide, went out there to develop the market. "For many reasons—language, custom and the organisation of distribution—Japan was a hard market for exports," he recalls.

"But after liberalisation it was as easy—or as difficult—to set up the company in Japan as it is anywhere else in the world."

Originally BSR went into Japan because it is the biggest audio market after the U.S. Initially BSR sold components to Sony, Pioneer, Sanyo and others—a business that has grown to 6,000-8,000 turntables a day being imported from the U.K. by BSR Japan. This has been helped by American-based companies in Japan specifying BSR products. Within 12 months Mr. Allen, in a pioneering effort, introduced the U.K. retail selling organisation into the hi-fi market by selling directly to stores and shops, thereby controlling margins, set instead of going for a ready point of sale, advertising and so on.

Variation

Degrees of variation in the specifications needed to give an acceptable performance for the supplier of the end product have to be finely tuned. There is a vast difference between tastes in Scandinavia and Italy, and the U.S. and Japan. "It is more a matter of technical agility than of price," says Mr. Allen. "The patterns of buying are also constantly changing. In BSR products, for instance, a significant proportion of people are becoming selective, buying a record player here, an amplifier there, a tuner, speaker and so on elsewhere to build an audio set instead of going for a ready made music centre."

Currently, helped by both the new Accutrac, a computerised turntable with a memory bank that enables you to track select on album type records in any order, and the addition of Audio Dynamics Corporation's magnetic pick up cartridge, BSR has started to develop exports from

In Europe the market is fragmented, with one or two multi-nationals like ITI strongly entrenched, but national boundaries are difficult to surmount. For BSR, Europe is a big potential growth market.

Peter Cartwright

Crankshafts to the U.S.

IT TOOK George Ashmore, managing director of the Rotherham-based crankshaft maker, just an hour and a half to clinch the U.S. diesel engine manufacturer. True, he had the advantage that Sharrow was a long-term supplier to Cummins's diesel-engine plant at Shotts in Scotland and so was known to the American parent. "But we were a new supplier and I was meeting a new management. We didn't have to break the ice, but apart from that it was no different from dealing with any other management," Mr. Ashmore recalls. Cummins sent a tentative inquiry out in the summer of 1976. Mr. Ashmore caught a plane the same week in July and secured an order to supply 800-1,000 diesel crankshafts a month starting in November subject to price. He returned last January to extend the order, and will be there again in August to fix the 1978 arrangements with the purchase and supply manager of Atlas, the Cummins engine subsidiary at Fostoria, Ohio.

At 600 a month the contract yields £1.4m. for Sharrow, and £2.25m. at 1,000 if demand requires that quantity. It is not hard to fathom that Cummins's needs grew out of the dramatic dieselisation programme in America that followed the oil crisis. While the Atlas plant was unable to cope, the deal also owed something to the policy of placing some purchases overseas as an insurance. And it was made abundantly clear to Ashmore that Atlas was not just being driven into Sharrow's arms by dire necessity. "They drove a hard-nosed, commercial bargain," Mr. Ashmore says. "The specification was difficult, they required a very high standard of finish."

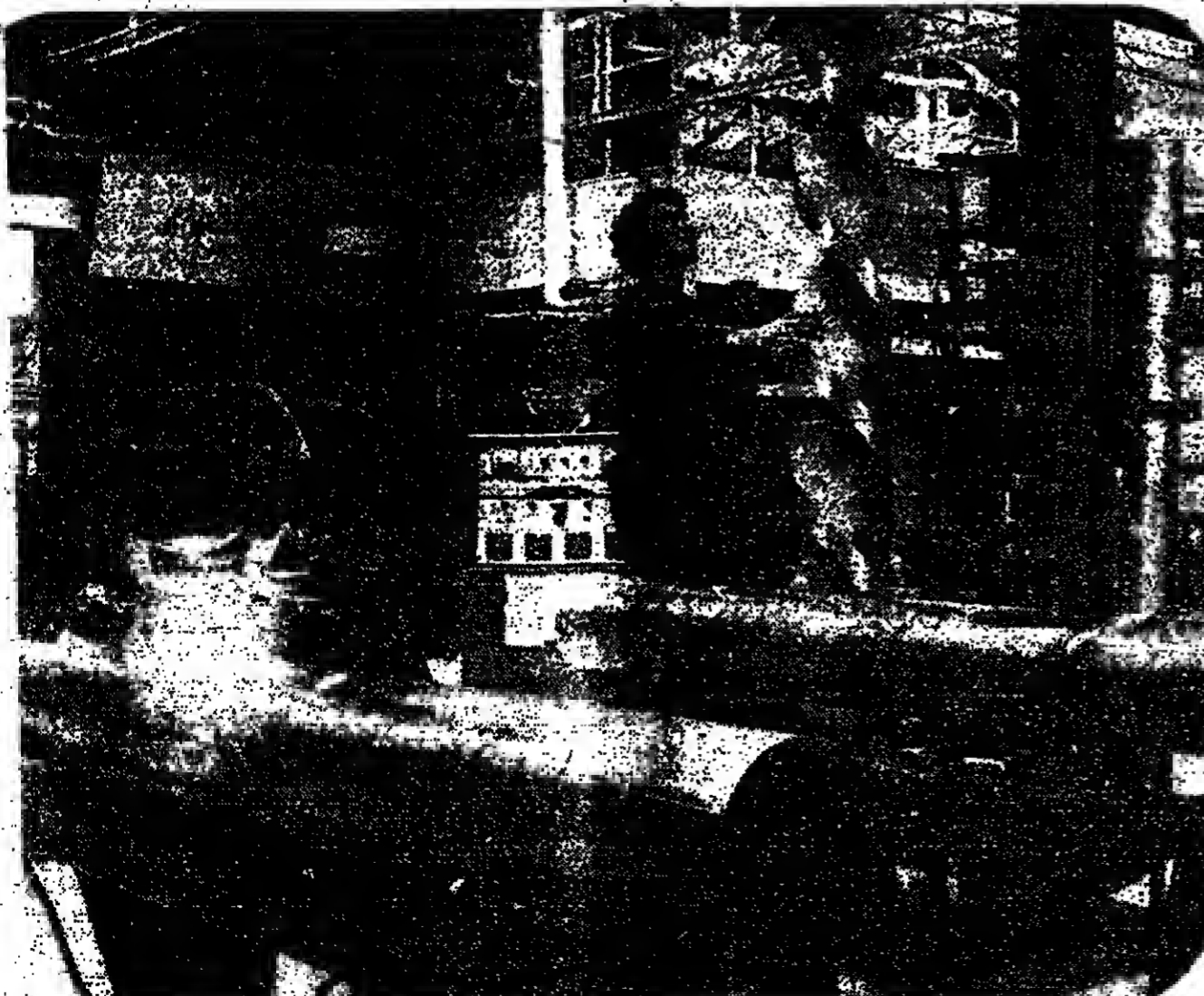
The contract gives Sharrow an estimated 8-10 per cent of the Atlas crankshaft business in a high-volume truck area. It has helped to boost exports to 24 per cent of turnover, double what it was three or four years ago. It is not by any means Sharrow's only American customer. The company has been supplying several others in smaller quantities for a number of years. Nor is Atlas its biggest customer. Rotherham is supplying the DAF plant in Holland with 1,400 crankshafts a month, and is well entrenched with Volvo and in Finland. Forgings (unmachined crankshafts) also are shipped to Austria, Spain, Yugoslavia, and South America.

But as a sole supplier to Cummins in Scotland it is nice to have a generous pat on the back from the parent.

Peter Cartwright

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BRITISH EXPORTS XIV

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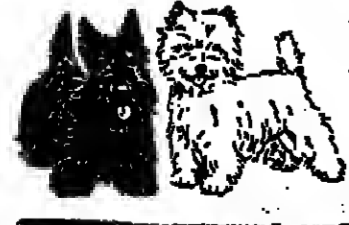
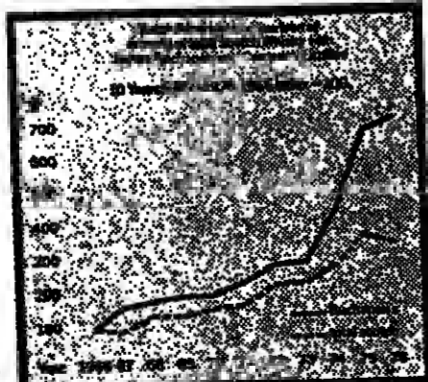
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Marks and Spencer aims to increase its exports from last year's £40m. to £60-£70m. this year and around £100m. in 1978.

Marks and Sparks worldwide

MARKS AND SPENCER is not the company will be lucky to break even of course, the only British retailer to sell its goods overseas. But there is something about the particular style of management at Marks which means that when the chairman, Sir Marcus Self, makes up his mind to embark on a crusade for new business the whole company becomes committed to the new idea too.

The export drive has been explained to staff of all levels, and buyers for the British stores have had to accept that their orders take second place to orders from the export department. Buyers from abroad are encouraged to come to England at least three times a year to see how Marks and Spencer works, and employees of the company's export customers are trained in the British shops.

The company's whole philosophy towards export is based on the premise that it is not enough merely to find someone who is prepared to sell St Michael goods overseas. The customer has to be prepared to enter into a long-term relationship with Marks—in much the same way as it develops long-term relationships with its own suppliers—and to adopt many of the standards practiced by Marks in this country. Export customers are encouraged not to put an excessive mark-up on St Michael goods, and some have even taken on board some of Marks' ideas about staff welfare.

The reasoning behind this selective approach to exports customers is simple enough. The name of St Michael is too valuable a property to allow it to be sullied overseas.

Not that exports yet account for a very large proportion of the company's business or that its track record abroad has been unblemished. In the financial year ending March 31, the company's sales of goods overseas came to £18m. Around £16m. of these sales went through the company's own shops in France, Belgium and Canada. Marks admits that it made mistakes when entering all these markets for the first time and while the Canadian operation may make a profit of around £1m. this year, it is still a loss.

But the rest of the overseas business can be divided into three broad categories, none of which is taken up by Marks. In the first place, the company has given well-established retailers the franchise to sell its goods in self-contained shops trading under the name of St Michael. Under this kind of arrangement which gives Marks the most direct control over the conditions in which its goods are sold, Marks either sells the goods direct or takes a commission on sales.

In other countries, such as Nigeria and Hong Kong, St Michael goods are sold alongside a local retailer's other lines. The other approach is for Marks to sell its products to a wholesaler as it does in Panama and Norway. The weakness in this approach is that Marks does not have the same knowledge of the shops in which its products are sold as when entering into an agreement with a particular retailer.

Broadly, Marks is not interested in customers who do not have the potential to sell at least £1m. of goods a year. But the rules are not rigid. Among the 70 or so export customers there are still some who will never sell £1m. worth of goods but who are still supplied because they have been loyal customers for some time. In Afghanistan, Marks still allows a local trader to run a shop selling St Michael goods under the name of "Marks and Sparks"—an aberration it would hardly tolerate nearer home.

The target is to increase exports to between £60m. and £70m. this year building up to around £100m. the year after. On that basis exports will still not be a major contributor to

Helping to sell hi-fi

GISELA BURG, a former air hostess who built up her own exporting business from scratch, has strong views about the incentives which should be given to people who try to sell British goods abroad. "I am sorry to say it, but I can pick out a British salesman wherever I am in the world, by his clothes. They often look terrible. I think they should be given a clothing allowance."

"Indeed, I am very sympathetic, because you have to buy good quality suits to stand up to the travel and suitcases. You cannot get away with something cheap from a multiple tailor. And for the man on £3,000 a year with a wife and family, clothing could be a real burden. It is no good trying to sell a product if you look crumpled and shabby yourself. And you can't go selling in Saudi Arabia wearing a thin, blue, woollen pin stripe."

Miss Burg has built up her own exporting agency Exports over nine years to sell hi-fi equipment for a dozen small manufacturers in 42 countries. She started with a suitcase of equipment and a borrowed office, and has now built up her business to a turnover of well over £1m. a year.

Her main idea was that many small manufacturers were making a good and saleable product but did not have the expertise or the cash to sell it abroad.

She managed to cut through a lot of red tape for them, and to help speed up payments — always a problem for the small company. But her eye for good appearances has also helped her to be critical of products which, like the badly dressed salesman, were "not presented properly for the market."

Her criticism of poor and shabby presentation has, she says, often resulted in improvements, not only to her own clients' products but to those of other British manufacturers which she has spotted around the world.

In spite of her success, Miss Burg's company is still small enough to be acutely aware of the enormous costs faced by exporters. Recently, one German cost her £75 more per day in the U.S. than several thousands of pounds. "You must do an awful lot of business to cover your costs and still make a profit," she says.

One thing which annoys her is that business men and women invariably pay full air fares, while she and other exporters can book well in advance travel on the plane for perhaps half the price. "I think the airlines realise that it is the men and the exporters who are making the money which they then spend, and that the argument should try to find ways of helping exporters."

Miss Burg spends about her life travelling around the world, with the U.S. and Japan her biggest markets. And, she says, part of her success is due to the fact that she never suffers from "jet lag". "I can get off the plane straight to work," she says.

Max Williams

Uniform approach pays dividends

WHILE THE public every-where is now dressing more casually, forsaking suits for jeans, demand for the most formal clothing of all—uniform—continues to rise. For it is not only the services and police who wear uniform these days, nor need the market necessarily be a national one.

The rise of the uniform has come about as companies have begun to realise the variety of function it can perform for them. Airlines, for example, rely on the attractiveness of their stewardesses' uniform to help sell their seats and recruit staff. In other jobs uniform very often forms an important element in the conditions of service. Britain's Post Office provides its postmen with grey suits, which not only look smart on the street but which, with the removal of identification tags, can be worn after work as well. Some banks are now also supplying clerks with suits.

All of which was enough to persuade H. F. Hartley—still largely dependent in 1970 on sales to the Leeds clothiers such as Burtons and with no overseas sales—that uniform cloth manufacturing offered outstanding opportunities.

The company, which is based in Bingley near Bradford, had been taken over in 1969 by Allied Textiles, one of the big Yorkshire groups, and although it still supplies cloth to the menswear groups most of this function has been taken over by other companies in the Allied group. "We decided to specialise in long runs of plain cloth, and around two thirds of our output of 65,000 metres a week is now accounted for by uniform cloth," Mr. Edward Wilson, managing director of H. F. Hartley points out.

The company, which employs around 220 people, has been on a steady upward climb, despite recession affecting other parts of the textile sector, and a total of £1.5m. has been spent equipping the Bingley plant with modern weaving machinery under the industry wood textile aid scheme. The company's export production—directly and indirectly through manufacturers of the home—has now risen to between 25-30 per cent, with some of its best customers being in Scandinavia and the Gulf States.

Mr. Hartley states now, among those bearing cloth from Bingley, "A lot of business for the company in Europe has developed from its participation in Europe two years ago with Compton Sons and Webb, the major U.K. manufacturer of uniforms, which draws some of its supplies from H. F. Hartley. Other important contracts to supply cloth have been won in the Middle East, and one of the Gulf states. H. F. Hartley has been asked by a client to come up with a complete range of clothing equipment including uniforms, shirts, coats and jumpers. Further investment in the next generation of high-speed weaving equipment is now considered by the industry meet as well as in the home market. Two summers of weather in Britain have led to an examination of whether there should be a specification of the trousers, and British Rail is ready to sample cloth in its range of uniforms.

H. F. Hartley's decision to specialise in cloth will enable it to expand its share of the market in Europe and other countries. Although other cloth makers have often in the past been able to trade when demand for types of fabric is weak, hope to be able to offer cloth available at the right time to customers and to them continuity through our concentration on this type of product," Wilson points out.

Rhys I.

دبي في 3 يونيو 1977

BRITISH EXPORTS XV

Big orders for John Brown

IT ONLY needs a brief glance at the figures to see why John Brown Engineering's gas turbine subsidiary at Clydebank is so proud of its recent export record. In 1976-77 its total order book was a mere £12m, a disappointing fall from the £25m-£30m average of the previous few years. But the picture was dramatically transformed in 1976-77 when the company's salesmen turned in a total of £120m in contracts, with 95 per cent of that value going overseas.

The company moved into gas turbines a decade ago as a manufacturing associate of General Electric of the U.S. The hope was that a few orders on the back of General Electric would take up the slack in the marine engine market. It was not long before the shipbuilding decline took its toll and JBE went for prime contracts for gas turbines, not merely as an extra, but as a necessity to survive.

between Orenburg and Chusovsk in the Soviet Union. JBE had won the order as part of a consortium led by the West German companies AEG-Kanis Turbinenfabrik of Essen and Mannesmann-Export of Düsseldorf. The news was particularly cheering for the workforce at Clydebank, because it also persuaded the company to go ahead with a £2.4m investment programme that had been in cold storage throughout the previous year. Employment for the 1,500 workers was guaranteed into 1978 and JBE began to take on manufacturing, technical, administrative and sales staff.

Six weeks later the company announced that it had won an order worth £35m from the British smelter construction consortium to supply 12 units for the aluminium smelter being built at Jebel Ali, Dubai.

Birthday

The company's tenth birthday was the occasion for a further announcement in October of several small orders totalling £25m. They included a small contract from China where JBE's salesman had unsuccessfully hid in the past and where the company hopes to do business again in the future.

A flurry of further orders brought the total for turbines up to £112m by the end of the financial year with another

£18m in parts and service. "Last year was exceptional by any standards and what it has meant is that almost all our manufacturing capacity is sold out," Mr. Connell commented. "We are now only able to offer units which are, generally speaking, for longish term delivery."

Even so, the company already has a £5.8m order from Dubai and serious inquiries from potential customers cover units totalling some 4,000 MW output. "We are confident that this year we will ship out more turbines from Clydebank than ever before," Mr. Connell added, "and we will have a reasonably good order book."

Ray Perman



A Cooper-Bessemer gas turbine package of similar design to the ones being built by COBERROW for the USSR. The Rolls-Royce Industrial Agen is seen being lowered into the set before despatch.

A boost to Anglo-Soviet trade

LIMITED PATIENCE and stress in times of crisis—these are among the qualities which led to a £100m order from the Soviet Union for industrial gas pumping equipment, announced at the end of last year. Although most of the work will be done in the U.K., it was a combined Anglo-American success, illustrating the value of specially formed consortia to handle large overseas contracts.

The background to the order is a very big investment which the Soviet Union has been making in gas pipelines, to transport gas from the newly-discovered fields in Siberia and to other parts of the country and to other parts of Europe. Each pipeline needs a number of booster stations along the route to ensure the flow of gas; these are equipped with gas compressor modules, of

which the main ingredients, as the words suggest, are a turbine and a compressor.

Until the end of last year the Soviet Union had virtually standardised on the industrial turbine designed by General Electric of the U.S. and made either by GE itself or by one of its manufacturing associates in Europe and Japan. The company's success in this market has been made by several companies, including Cooper Industries of the U.S., one of the leading manufacturers of this type of equipment.

Lightweight

An alternative to the General Electric heavy duty unit is a project on which Rolls-Royce normally acts as prime contractor, Cooper was brought in and this is combined with an industrial power turbine to drive the compressor. The Rolls-Royce Avon engine, linked with compressors made by Cooper or one of several other companies,

has been well established in the gas transmission market, with big orders in the U.K., Canada and elsewhere.

For several years Rolls-Royce had been seeking to interest the Russians in this equipment, not least as a means of opening up the market for Rolls-Royce engines in other applications. In 1975 a tender was submitted for one of the big pipeline projects; although it was rejected in favour of the GE unit, the response was sufficiently encouraging to justify further efforts. Then, at the end of 1975, Rolls-Royce was invited to tender for the Chelyabinsk project.

Since this is not the sort of project on which Rolls-Royce normally acts as prime contractor, Cooper was brought in and a consortium was formed. The consortium consisted of Rolls-Royce, Cooper Industries and Williams Brothers, an international pipeline engineering company with

considerable experience of this type of installation.

After many months of negotiations throughout 1976 the short-listed companies were summoned to London, where the Russian buying organisation, Machinimport, had established an evaluation team. Until the last moment the suppliers of heavy duty equipment, including General Electric itself and two of its manufacturing associates, Hitachi of Japan and AEG-Mannesmann of West Germany, were very much in the running. So, too, was GEC of the U.K., also offering a system incorporating the Rolls-Royce Avon engine.

The fact that the order finally came to the U.K. was a great boost to Anglo-Soviet trade; it represented the first substantial use of the £950m credit arranged by Sir Harold Wilson in Moscow in 1975.

Geoffrey Owen

Water for the Middle East

THE 1973 oil price rise and the resulting spring to booming prosperity by the Middle East have produced unexpected benefits for a Scottish engineering company and, with three of the six largest Middle East desalination contracts, turned it into one of Scotland's leading industrial exporters.

The Weir Group of Glasgow, a large industrial company employing more than 6,000 throughout the U.K. in diverse manufacturing operations ranging from pumps through aircraft gauges to desalination plant.

And it was the latter product, in which Weirs have held the world lead for most of this century, which was to take off in the Middle East in a most remarkable way. Four years ago Weir Westgarth, the group's U.K. desalination subsidiary, had hit hard times through sheer lack of interest in the concept and was down to 30 staff. Then came the Middle East boom.

The boom is largely based on water supplies for the industries and communities now being frantically planned by Arabs before the oil runs out. Desalination, and particularly Weir's pioneering multi-stage flash principle, using heat and

vacuum to evaporate sea-water, was the only answer. Since then Weir Westgarth, now expanded to 300 highly skilled technical staff, has won three of the six largest Middle East desalination contracts: massive Ras Abu Fontas development in Qatar, £40m, at Jeddah in Saudi Arabia and earlier this year—£30m for six units at the Dubai Aluminium Company's new smelter project.

Lord Weir, group chairman, disclosed recently that with the world lead for most of this century, which was to take off in the Middle East in a most remarkable way. Four years ago Weir Westgarth, the group's U.K. desalination subsidiary, had hit hard times through sheer lack of interest in the concept and was down to 30 staff. Then came the Middle East boom.

The boom is largely based on water supplies for the industries and communities now being frantically planned by Arabs before the oil runs out. Desalination, and particularly Weir's pioneering multi-stage flash principle, using heat and

of the U.K. unless a solution emerges to the rapidly growing problem of finding banks willing to put up the huge bonds and financial guarantees demanded of any company tendering for major international contracts.

The chairman said inflation has pushed the value of these bonds so high—up to £10m, or more—that bankers are becoming reluctant to accept the slight risk involved. He said bluntly that if the Government cannot quickly devise a simple guarantees scheme for such bonds then the group has little option but to tender for desalination contracts through its French or Italian subsidiaries, or alternatively place the work through its existing licences abroad.

In either case Weir will still make its profits, but U.K. suppliers will lose the sub-contracted work that is already providing many jobs.

Both these firms and the Weir group hope there is an answer. Desalination is one of the few engineering fields where a British firm not only originated the technology but is highly competitive internationally in building the hardware.

Lewis Thornton



THE QUEEN'S AWARD TO INDUSTRY 1973 DICK JAMES MUSIC LIMITED THE QUEEN'S AWARD FOR EXPORT ACHIEVEMENT 1976 TO DICK JAMES MUSIC LIMITED THE QUEEN'S AWARD FOR EXPORT ACHIEVEMENT 1977 TO DICK JAMES MUSIC LIMITED

A third Queen's Award for DJM

I feel very proud and very honoured to announce that Dick James Music Limited has been awarded The Queen's Award for Export Achievement 1977.

I am especially pleased as this means that we have received three Queen's Awards in a period of just five years.

Stephen joins me in thanking all the members of the Dick James Organisation including those in the Record Company, Publishing, Studio and Artistes Agency Divisions in London and, of course, our many affiliates throughout the world for the tremendous effort which has helped us win this triple honour.



STEPHEN JAMES, MANAGING DIRECTOR

Over the last few years we have followed a definitive policy of expansion in order to become a truly world-wide organisation and this new Award for Export Achievement fully justifies this development. I am sure that in the future the same degree of enthusiasm will continue to be shown so that the same measure of success may be achieved.

Finally, I would like to say that these Awards not only reflect the dynamism and success of the Dick James Organisation but equally of the music industry as a whole, and as such I gladly associate our latest achievement with the endeavours of everyone who has made a contribution.

Dick James CHAIRMAN



DICK JAMES MUSIC LIMITED. DIRECTORS: RICHARD L. JAMES, FRANCES L. JAMES, STEPHEN M. JAMES, JAMES HOUSE, 71-75 NEW OXFORD STREET, LONDON WC1A 1DP. TELEPHONE: 01-836 4864 (5 LINES). CABLES: DEJAMUS, LONDON WCI. TELEX: 27135 (DEJAMUS, LONDON). ARGENTINA, AUSTRALIA, AUSTRIA, BELGIUM, CANADA, DENMARK, FINLAND, FRANCE, GERMANY, GREECE, ITALY, JAPAN, MALAYSIA, MEXICO, NEW ZEALAND, NORWAY, PORTUGAL, SOUTH AFRICA, SPAIN, SWEDEN, SWITZERLAND, UNITED STATES, VENEZUELA.



BRITISH EXPORTS XVI



UP HERE
DOWN TO EARTH
INTO EXPORTS

Our success in the electronic and...
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...performance...
...Last year again showed another...
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...production were sold outside the UK...
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...and electronics.



Ready for the off: a line up of Massey-Ferguson 500 series tractors. As a result of a recent agreement these will be manufactured in Poland.

Western Europe is now Britain's biggest export market, but other areas, often posing special problems for the exporter, cannot be neglected. On this and the next three pages, FT writers examine the changing pattern of U.K. trade with some of these countries, and look at the successes and failures.

Some major markets

East Europe: persistence needed

IN VOLUME terms East Europe still accounts for so little of Britain's foreign trade that it can almost be discounted. Even including business with the Soviet Union, exchanges last year amounted to less than 3 per cent of the total, with exports accounting for closer to 2.5 per cent.

This proportion has scarcely changed at all in the last five years, and the large deficit in East Europe's favour adds up to a not very encouraging picture.

But Britain's position is far from typical. Most other western countries do much more business with East Europe than we do, and for several of them the region's share in exports is well into double figures.

Britain's total exports to Comecon last year amounted, according to OECD figures, to \$1.2bn. Italy's, however, were \$2.2bn., Japan's \$2.2bn., France's \$2.7bn., the U.S. \$3.5bn. and West Germany's no less than \$6.2bn., not including its substantial trade with East Germany. In addition, Britain was one of the few western countries that was not making a profit out of East-West trade, where exchanges are so weighted in the West's favour that Comecon's debts have become almost legendary. So it is hard to escape the impression that Britain is missing out on something, delivery with current exports from the U.K. running at about \$28m. a day last year.

But as the companies that export to the U.S. well know, it is also a fiercely competitive market in which price, delivery dates, quality and after sales service are extremely important. Its very size, and the rich pickings to be had, mean that a British exporter is likely to meet competition not just from American companies but also from the best European and Japanese concerns in his field as well.

In such a situation the temptation to go for easy "one time" sales is a compelling one, but one that British companies are increasingly learning that they have to resist if they are really to give themselves a permanent presence in the market. EMI, for instance, which has had a great success with its revolutionary scanner long ago recognised the over-riding need to set up a good service network even before it had sold many machines.

With competition in the scanner market becoming tougher a great deal is going to depend on this network, particularly as new and more advanced models come on line. Rolls-Royce which has a superb after sales reputation, is another British company which recognised many years ago the importance of sound, reliable product support.

moment, East European hotels contain crowds of British businessmen trying to sell their wares. The famous Wilson credit of £950m. is available to finance sales of capital goods, and dozens of co-operation agreements have been signed between British and East European organisations.

Britain also has much to offer Comecon in the way of technology and equipment for industry, particularly chemicals and power engineering, for oil exploration and nuclear energy, aviation, agricultural know-how and consumer goods. So why has the record been so disappointing?

According to the East Europeans, who are well placed to judge the sales performance of different countries, British business is not aggressive, flexible or competitive enough.

A West German, they say, will knock on the door, and if he cannot get in there will try the window or the skylight. A Briton will announce his arrival and wait for someone to come and greet him, which of course nobody does.

Patience

A caricature, obviously, but it highlights the fact that many British exporters are not aware of the persistence and patience needed to trade with East Europe.

As for flexibility, the European argument is that British business prefers to stick to conventional forms of trade, like straight cash sales, and is not willing to consider "more modern forms of trade like industrial and technical co-operation." Whether or not such forms are indeed "more modern," which is highly disputable, it is a fact that a western exporter who goes to East Europe prepared to consider a compensation or barter deal, or co-operation on a long-term basis, is far more likely to win an order than one who is

not. This is a fact of life in Comecon.

A genuine obstacle to Britain's East-West trade has been inflation and the difficulty of pricing contracts. Not unnaturally, the East Europeans resent open-ended price clauses and prefer to deal with countries which can offer firm terms. But presumably this difficulty dogs the whole of Britain's export drive.

Several reasons are put forward by the British side for the disappointing record. Many businessmen complain about the tiresome and time-consuming procedures involved in trade, particularly with the Russians. It is quite common for an exporter to quote for a contract and hear nothing for months on end, and then it may only be a request for more details.

Others complain about lack of information and guidance, or the disincentives of barter trading. A further complaint is of political discrimination, or of simple unprofitability because of the high cost of landing a contract.

But these are problems which must afflict all would-be exporters to Comecon. It is hard to pin down specific reasons why Britain should fare less well than the others.

Largest

One possible reason is that much of the East-West trade of France, Germany, Italy and Austria is based on long-term deals to import Soviet fuel, for which Britain has no need. Neither do the British Isles plug conveniently into the growing East-West pipeline and energy network. Another is that Britain's economic difficulties make it genuinely less competitive in terms of price and delivery, though presumably this must occasionally apply to countries like Italy too.

Politics may also play a small

role. Britain is the only western country that none of the East European leaders has visited officially. reflection of the distance which Britain still keeps between itself and the communist world.

It would be wrong, though, to leave the impression that Britain's export drive in Europe is a story of failure. The last six months alone it have been two orders worth over £100m—for gas turbine compressors from a consortium including Rolls-Royce, and two methanol plants from Powergas, a deal which is record in Anglo-Soviet trade.

In other fields too, there have been successes. British space is tying up a major aircraft co-operation with Romania. Some of the largest projects under Polish current industrial expansion programme are being equipt by British manufacturers; millions of Bulgarians learnt the secret of Sch This year could bring fuel large contracts, in engine oil exploration and construction.

None of these contracts won quickly or easily. But British exporters who do a foothold on the East European market tend to agree that highly profitable once you there.

The prospects for the European economies can be briefly summarised. The Five Year Plans foresee rapid growth than earlier decades, and East-West trade unlikely to repeat its growth of 1970-75. But Cor growth rates are still high in the West. The 1 has a population of 365; hadly needs modern technology to improve its standards of education and exploit its resources, and it has been estimated that it will import \$25bn. worth of goods a from the West up to 1980.

David Lasc

Meadows



Helping Britain's export drive

Thomas Meadows & Company Limited is the principal member of the London-based Meadows Group of international freight forwarding companies. The Group is among the world's largest independent freight forwarders and is responsible for the shipment of over £2m-worth of British exports on each day of the year. Through its extensive network of UK and overseas branches and offices, Meadows provide a wide range of export and import freight forwarding services by land, sea and air. The Company's support to British exporters is represented by the services it offers to over 300 main overseas destinations. Earlier this year, Meadows received the Queen's Award for Export Achievement. Qualification for the Award - gained by the Company during the BOTB's "Export Year", of which it has been a major supporter - followed substantial year-on-year gains in overseas

revenue earned by Meadows' international freight forwarding activities. The Company approximately doubled its earnings from services to overseas customers in a three-year period.

Apart from helping industry with its international movement of goods, Meadows also firmly believe in the improvement of standards and training for those involved in the freight business. The Company has produced a highly successful 176 page book entitled "Understanding the Freight Business". A leaflet is available from Meadows detailing the book's contents. If you think any of your own staff might find the book useful, then ask your secretary to contact Miss V. Aylward, Publications Officer, at our London Head Office.



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The U.S.: keen competition

THE AMERICAN market represents an enormous opportunity for British exporters and one they have already seized with current exports from the U.K. running at about \$28m. a day last year.

But as the companies that export to the U.S. well know, it is also a fiercely competitive market in which price, delivery dates, quality and after sales service are extremely important. Its very size, and the rich pickings to be had, mean that a British exporter is likely to meet competition not just from American companies but also from the best European and Japanese concerns in his field as well.

In such a situation the temptation to go for easy "one time" sales is a compelling one, but one that British companies are increasingly learning that they have to resist if they are really to give themselves a permanent presence in the market. EMI, for instance, which has had a great success with its revolutionary scanner long ago recognised the over-riding need to set up a good service network even before it had sold many machines.

With competition in the scanner market becoming tougher a great deal is going to depend on this network, particularly as new and more advanced models

come on line. Rolls-Royce which has a superb after sales reputation, is another British company which recognised many years ago the importance of sound, reliable product support.

British Leyland, however, despite its enormous success in selling cars in the U.S. does not have a good reputation for its after sales service or for its network of garages. Last year its products were the largest single export to the U.S. - at some £300m. - and there is no doubt that more cars could have been sold if there had not been persistent supply problems in the British factories which supplied the cars.

Last year was very much better than the year before for British exporters as a whole, with overall sales up 40 per cent in value terms (to £25.5bn.) over the year before. Part of the increase, however, can be ascribed to the fall in the sterling exchange rate, and part is a natural recovery from the difficult year before.

So far this year the latest statistics suggest that sales are up about 14 per cent in value terms - an encouraging figure, given the relative stability of the exchange rate and the slight improvement in British inflation. A recent survey of U.K. subsidiaries in the U.S.

concluded that 90 per cent. of those surveyed find that the U.S. economy is in markedly better shape than a year ago, and overall they predict an increase of about 10 per cent. in value terms.

After cars, chemicals are the next largest category of British exports (at about £235m. last year). After that came beverages, including, of course whisky, at about £200m. last year. Aircraft engines were worth another £142m. and all types of non-electrical machinery totalled some £500m. with electrical machinery earning another £150m.

Seriously

There is abundant evidence that British companies are now taking the American market even more seriously than in the past. Last year, the number of British exhibitors at trade fairs in the U.S. was a record as was the number of British visitors to consular posts in the U.S. Companies like General Electric and Boots, meanwhile, have continued the trend of British companies buying into American concerns which still makes Britain the largest single foreign investor in the American market.

As British companies become increasingly conscious to success in the American market, it is that there at some preliminary signs margins are being squeezed the past two years, the the pound has been a number of factors which made exporting very profitable and this, of course, is the possible incentive to encourage new efforts to penetrate the American market.

In the past few months ever, the stabilisation of exchange rate coupled with continuing inflation is beginning to result in tighter margins, could in months ahead export enthusiasm.

Overall, however, the market remains a great challenge. Set against the tide of a common language a continuing predisposition to be friendly towards British companies, there is a fierce competitive environment, enormous distribution problems and the need to invest in tighter margins. This market knows what to offer. Sadly there are some companies which have made this investment in having to find out the hard way.

David

ملكو: من الاصل

دولتي ايجاز

The Middle East: business is brisk

BRITISH EXPORTS to the Middle East rose by just under two-fifths to £3.2bn. in 1976, last year, taking the region's share of nearly 4% in just four Eastern years, which is explosive growth by any standards. And to judge by the latest figures available from the Department of Trade—for the first four months of 1977—this country's export business with the area remains very brisk indeed.

The importing performance of individual countries shows mainly that the upsurge in demand for U.K. goods and services has its origins firmly fixed in oil wealth. Exports to Arab countries last year rose by 57 per cent to almost £2.2bn., while for the first four months of 1977 this figure already stands at well over £900m. Exports to Saudi Arabia doubled to £400m. In 1976, those to the United Arab Emirates shot up from £199m. to £333m. and those to Kuwait increased to £144m. from £99m.

But there were also plenty of sluggish performances, notably outside the Arab bloc. Exports to Israel actually dipped (by per cent.) in real terms, owing for last year's dramatic decline in the foreign exchange rate of sterling, and so did those to Iran (though despite much publicised liquidity

expanding market and successive U.K. governments have, after all, placed plenty of emphasis on export-led growth. There is plenty of scope for getting the trade balances of the U.K. and the Middle East more into line. Last year this country's visible trade deficit with the Middle East widened by around 45 per cent.

By comparison with some of its major competitors in the industrialised world Britain remains a relatively slow exporter to the Middle East, despite its historic links with the region. In 1976, total exports in U.S. dollars amounted to \$5.7bn., whereas two years ago (in 1975) France was selling as much as \$5.9bn. worth of goods to the Middle East and West Germany \$8bn. Japan's export trade totalled \$6.5bn. in 1975, while the U.S. dwarfed everyone with a figure of \$10.9bn.

This year could be a fairly crucial one for British exporters. A Department of Trade survey in January coincided that the major firms questioned expected growth in exports this year to slow down.

This trend is perhaps understandable given the massive upsurge in recent years, but it is equally clear that U.K. trade with the Middle East is growing less rapidly than that of the main competitors.

The mainstay of U.K. exports to the region is machinery and transport equipment, where sales rose by 38 per cent to £1.08bn. Excavating machinery built in this country rose in price by over two-fifths on average last year, suffering from the highest rate of price inflation for machinery imported into the Middle East. Exports of manufactured goods rose by 54 per cent to £366m.

In absolute terms, the biggest increases in exports of machinery and transport equipment arose in Saudi Arabia, Egypt and the United Arab Emirates other than Abu Dhabi. But motor-car sales to the North African countries as well as Israel moved up sharply, while both Turkey and Morocco imported over 2,000 more lorries last year than in 1975. Morocco and Turkey more than doubled their intake of tractors from the U.K. Last year's supply of telecommunications equipment included £27m. worth to Saudi Arabia and over £10m. worth to both Iran and Iraq.

Boom

The construction sectors among U.K. exporters had a boom year in Saudi Arabia last year as the impact of the Sandia Development Plan II began to make itself felt. Tonnes of construction machinery moved up sharply, with exports rising 27 per cent over

1975, mineral crushing equipment increasing by 74 per cent and tonnages of lifting and loading equipment rising from 1,800 tonnes in 1975 to over 10,000 tonnes last year. Saudi Arabia also purchased £13.5m. worth of pre-fabricated building components last year, together with 20.3m. worth of structural iron and steel. A high level of construction activity was also seen in Dubai and Kuwait, where the U.K. has some well established markets.

In contrast export trade with Iran was disappointing from almost every point of view. Sales of structural iron and steel moved up along with textile machinery and electrical power and telecommunications equipment. But purchases of aircraft parts, tractors, cars, excavation equipment and synthetic fibres dropped. Sales of machinery and transport equipment to Iran rose from £278m. to £299m., which implies a considerable decline in real terms—allowing for the weakness of sterling last year.

One area where the UK is likely to have stayed in a strong position is in the field of invisible exports—financial services (like insurance and banking) together with a multiplicity of "expertise" deals. It is a pity that the Department of Trade has no way of recording this type of exporting muscle.

Jeffrey Brown



A drainage trench under construction in the floor of the main dock of the Dubai dry dock complex. The dock is being built by the Costain-Taylor Woodrow Joint Venture.

BRITISH TRADE WITH THE MIDDLE EAST (£bn.)

	1976	1975	1974	1973	1972
Arab countries	2.17	1.42	0.84	0.49	0.29
non-Arab countries	1.04	0.91	0.65	0.49	0.34
Middle East total	3.21	2.34	1.49	0.98	0.74
World total	25.8	19.7	16.5	12.4	9.7
Middle East as a % of world total	12.5	11.9	9.1	7.8	7.6

Source: Department of Trade.

Latin America: a neglected market

THERE ARE two attitudes that should be adopted to British exports to Latin America. The first one is that they should be given overmuch priority attention seeing that they are equivalent to no more than 1% of sales to Sweden, a rich and easier market where a great deal less effort is involved in crossing the Atlantic.

The opposing view is that the potential for British exporters in Latin America is great in the area needs a much greater slice of everybody's attention than it has merited in the past.

Imports

The event neither view and British trade with the region bumps along much as it has in the recent past. Earlier British sales came to £705m., giving a comfortable balance to Britain.

In the first quarter of this year sales totalled £183m., 7 per cent down on the amount earned in the last quarter of last year. Britain has not done so well in its sales efforts to Latin America as it has in other parts of the developing world's trade with the countries of OPEC, with whom it now has a trade surplus.

Nevertheless the effort is being kept up and major selling schemes promoted in the region. At one time this country was off a jackpot prize size of the massive mineral deal between Brazil and Germany. The Department of Trade consultation with exporters mounted ambitious efforts in the region. Of the most recent the one held in Brazil suffered from being rather late when much bloom had come off the deal. A "miracle" while that in Venezuela earlier this year it is to be the turn of the region to be the target of a drive which will be aimed at carving out a post-British suppliers to the

fast growing Mexican oil producing and refining industries. Brazil, naturally, as the most populous state of the region with a great hunger for capital goods, is the most important single purchaser of British goods. It was therefore with some apprehension that British traders heard of the curbs put on imports last year by the authorities as part of their drive to balance Brazil's visible trade.

In April the drive finally achieved its desired effect and Brazil achieved a small surplus, exports notching \$1.07bn. against imports of \$1.06bn. It is unlikely that this good result will be able to be maintained during 1977, particularly if the prices of coffee and soya, two main Brazilian exports, retreat from their present high levels.

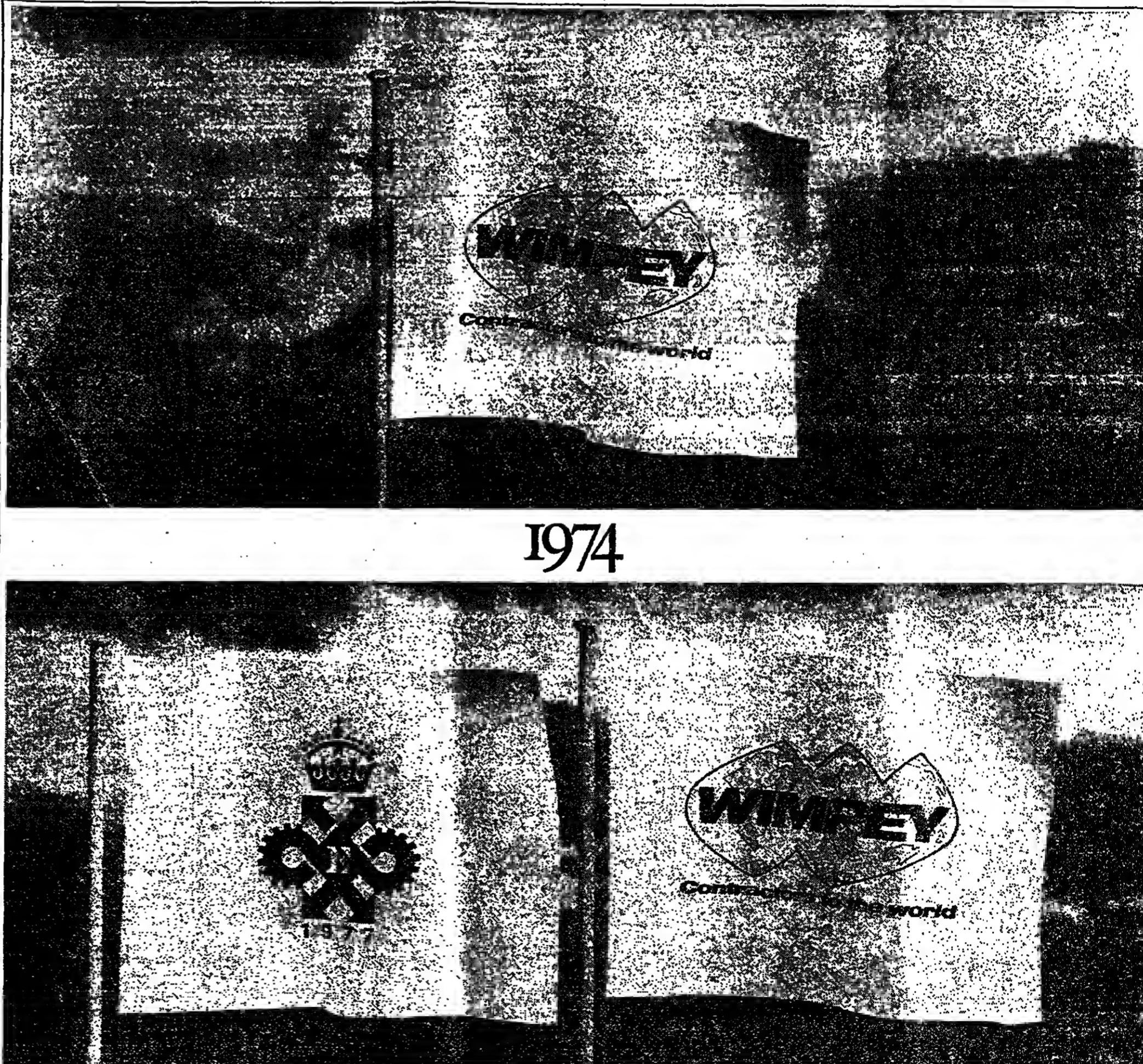
The patchy nature of British exporters' current relations with the Brazilian market is best typified by the fate of two big deals which were widely reported to have been clinched by British exporters during the state visit of General Ernesto Geisel to Britain in May of last year.

The construction of a big new steelworks in the state of São Paulo, Açominas, is later this month going to be backed by one of the biggest loans ever put together for a Brazilian project. Managed by Morgan Grenfell, the loan will cover the supply of goods and services by Davy International in the new steel company. Hundreds of millions of pounds worth of work should be coming to British factories.

Victim

Less successful has been the idea of a Ferrovia do Aço, a rail link from Minas Gerais to the sea. It has fallen a victim to spending cuts in Brazil. The British loans had already been extended to the Brazilians before the news of the cancellation came through. General Electric Company, which was to have been the main contractor for the railway has been disappointed in a multi-million pound deal, though the company claims that orders to a similar value are to be placed with it for other Brazilian rail schemes.

Hugh O'Shaughnessy



1977

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BRITISH EXPORTS XVIII

Australasia: still an important market

ALTHOUGH AUSTRALIA is a traditionally strong market for British products, increased competition from Japan and Far Eastern countries have been a major factor in the decline in the British share of the Australian market.

More recently there have been increasing fears over protectionist tendencies in Australia's trade policy, which are directly mainly at goods such as textiles, clothing and footwear and are intended to protect domestic industries.

Although British exports to Australia have risen steadily in recent years, reaching £688m. last year, this must be seen against the fact that in 1966 Britain held 25 per cent. of the Australian market, whereas it was 10.8 per cent. last year.

Similarly, in New Zealand Britain has lost its role as the chief source of imports since joining the Economic Community. Nevertheless, both countries remain valuable markets with close links, and

Australia buys one third more goods from Britain than it sells here.

This shift in trade patterns is due mainly to Japan's growing demand for raw materials and foodstuffs and the consequent reciprocal trade. There has also been a deliberate Australian policy since the early 1960s to diversify markets.

But the potential for U.K. exports in a wide range of manufactured goods and machinery is particularly good where Australian-made products are not available as an alternative. For example, latest figures show strong demand for U.K. exports of passenger motor vehicles and various plastics materials.

Australia has recently been one of the few industrial countries running a strong trade surplus due largely to its mineral wealth. This position of strength has clearly encouraged the Government to risk opening its Asian trade partners by imposing curbs on imports.

Even New Zealand, normally exempt from any trade restrictions, has had to moderate exports of clothing and textiles to Australia. However, this protectionist phase is clearly dictated by economic circumstances, and in the longer term Australia's mineral resources will be a strong bargaining counter.

The country is about 70 per cent. self-sufficient in oil supplies and the further development of offshore oil and gas reserves in the north-west of Australia is a highly valuable market for offshore technology of the kind developed for North Sea oil.

However, despite the tapering off of the 1960s mineral boom, there are vast mineral resources to be tapped and the real value of mineral exports could reach A\$4.5bn. by the early 1980s. In order to exploit these minerals, such as coal, iron ore, aluminium, copper, etc., the Australian Government is encouraging inward investment.

This opens the way for a large new area of British exports, particularly in high technology mining equipment, and is probably the most promising growth area.

On the other hand the problem of Australian unemployment in key industries is a major brake on trade, and the protectionist mood of the country has been growing stronger. Other import items which are causing concern are carpets and carpeting, wool textiles and sport yarns.

Although the devaluation of the Australian dollar was not expected to affect exports, the fall in car imports in May this year was partly attributed to this, and it is clear that the added cost to imported products must have had some dampening effect on exports from the U.K.

However, the future of Australia as a market for British goods depends largely upon its own economic performance and its success in bringing inflation under control. While this problem persists and unemployment remains high, those in favour of protectionist measures are likely to prevail in the debate.



A British group including GEC and Metropolitan Cammell is carrying out a £55m. contract to supply rolling stock for the Hong Kong underground railway.

Lorne Barling

The Far East: some untapped potential

AFTER JAPAN, Hong Kong is Britain's largest export customer in the Far East, and the Colony's remarkable economic performance in 1976 illustrates its vitality both as exporter and import market, with its large re-export potential.

After an increase in exports (including re-exports) of nearly 40 per cent. last year against a 29 per cent. increase in total imports, the Colony ended the year with a trade deficit of HK\$1.7bn. This was less than half the 1975 figure—but has not given cause for complacency. Last year Hong Kong

bought goods and services from the U.K. valued at £204m.

After Hong Kong, Singapore is Britain's third largest and most buoyant Far Eastern export market, and exports there have risen by 114 per cent. over the past four years. The country's development programme and its financial centre has made it one of the key areas in South-East Asia.

Last year Britain exported goods worth a total of £168m. to Singapore (slightly less than 1 per cent. of total exports), but in the past four years Britain's share of the market has been

eroded from 7.3 per cent. to just under 5 per cent., reflecting increased competition from countries such as Japan and South Korea.

According to a recent Midland Bank report, even greater competition can be expected in the future, and with the Singapore Government anxious to develop new industries, prospective exporters will need to pay close attention to trends.

It is pointed out that as an oil refining centre and the supply base for offshore exploration, it has enhanced its importance as an export market and has attracted the attention of an increasing number of trading nations.

In 1973 U.K. exports to Singapore amounted to £101m., which increased by 1976 to £157m., with £42m. of this being taken up by sales of non-

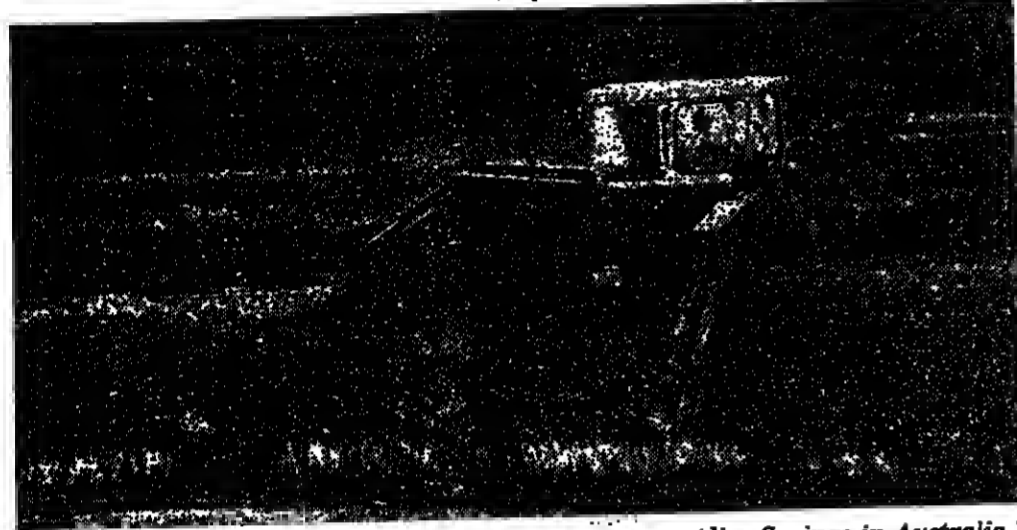
electrical machinery, followed by electrical machinery and transport equipment worth £27m. and £20m. respectively.

Although Indonesia takes fourth place as the U.K.'s Far Eastern export market and continues to make substantial advances, South Korea's booming economy has attracted the attention of British exporters, particularly in view of the recent visit there by Mr. Edmund Dell, the Secretary of State for Trade. But Mr. Dell expressed his concern at the widening trade gap between the two countries, with Korean imports from the U.K. at £83m. last year, compared with exports to the U.K. at £136m., an increase of 82 per cent. Even sub-contractors for

ever, Mr. Dell did not yet taking more drastic action on imports is that Korea is taking more British goods whereas Japan imported less in 1976 than it did in 1975.

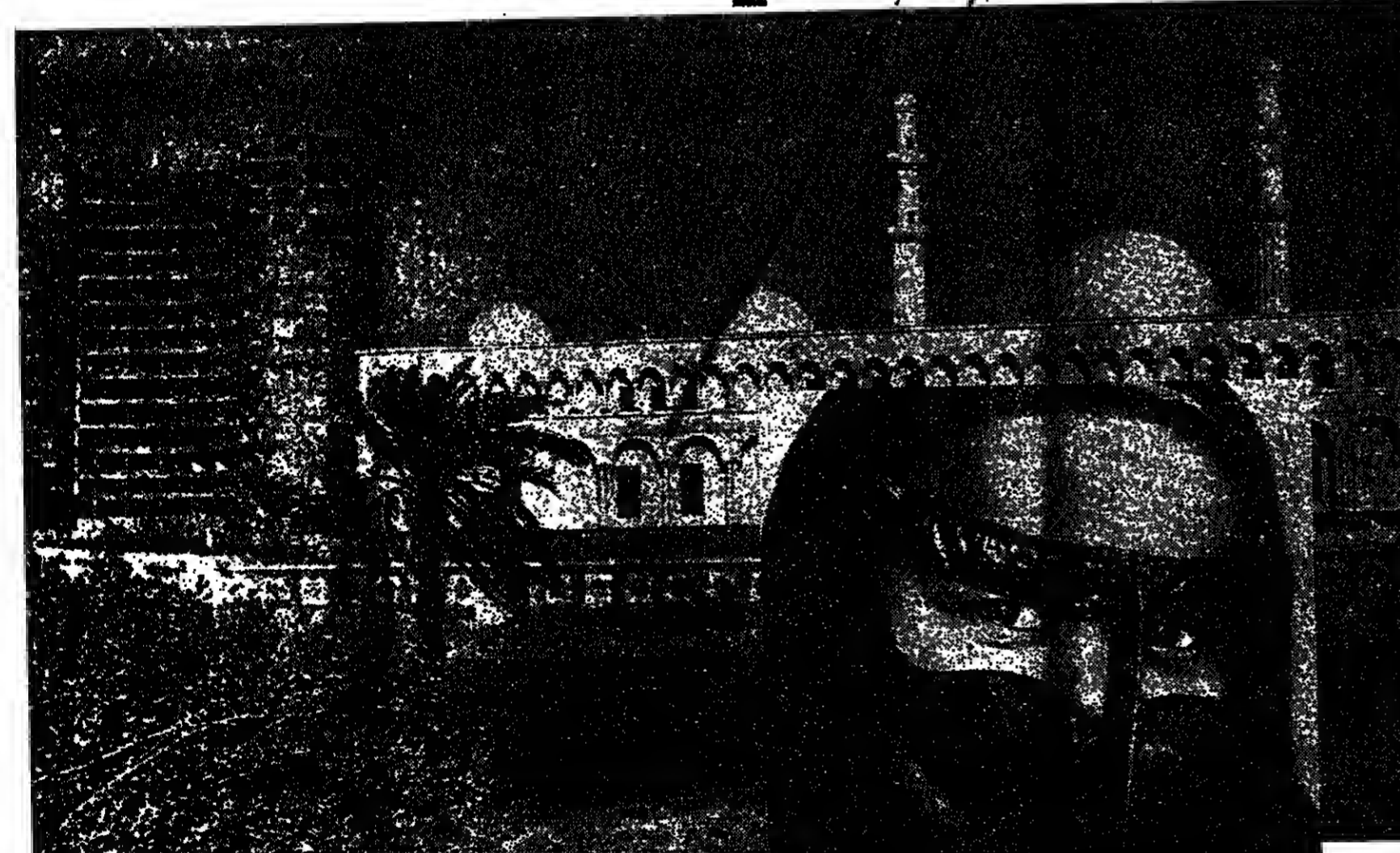
It is clear that Korea is a dynamic market for a range of goods which could suit British needs, particularly in the supply of engineering equipment. The demand from the number of Middle Eastern countries for plant and equipment from Korea, some of which has to be supplied last year, compared with exports to the U.K. at £136m., an increase of 82 per cent. Even sub-contractors for

Lorne Barling



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China: better prospects

BRITISH TRADEERS are hoping that better prospects now await them in China than they have seen for some time.

Since chairman Hua Kuo-Feng set up a new leadership in October last year, both he and other Chinese officials have continually stressed the importance of the economy and the role in that trade should play.

This makes a U-turn from the policies of the past three years when the "Gang of Four" as Chairman Mao's widow and her three colleagues from Shanghai are called, dominated policy, reducing exports of Chinese war materials and cutting down imports of foreign technology.

Although China has been short of foreign exchange, a delegation from the Bank of China is at present touring Europe (it is due in London in the second week of June) to talk to bankers. It seems more than likely that the financing of future trade deals is the subject under discussion.

But the new trade policy has not really got going yet. The Chinese are still sorting out the troubles caused by the political difficulties of last year. Sir John Keswick, vice-chairman of the Sino-British Trade Council, visited China last month and commented on his return to Hong Kong that he did not think, as he had believed earlier, that the Chinese were immediately about to buy more industrial equipment from the West. He thought that any renewed purchasing would be deferred until the end of this year.

same period last year, which reached nearly £30m. Even the £22m. figure was unusually boosted by sales of aircraft under the old contract for Trident with Hawker Siddeley, which is now almost completed. So far there is nothing to replace them and British exports will chug along at a very low level until a new round of Chinese buying begins. However, a 16-member delegation from the Sino-British trade council is to visit China in the autumn.

British businessmen are somewhat handicapped in dealing with Peking as the Chinese insist on fixed price contracts, not popular in the U.K. because of rapid inflation. Furthermore British manufacturers have indicated they will have in the long run they probably be able to manufacture these things for themselves. The short term it seems unlikely that they will import order to save time. Britain fairly ought to be able to compete in these and other areas.

and will be publishing a report in June.

Britain is not alone in China trade problems. Japan had a 27 per cent. fall in exports to China last year while U.S. export figures fell by half. Although Germany's sales total for the year rose enormously, a look at the figures shows a rapid fall towards the end of the year, a sign that even that country's commerce had been affected by the political climate.

When the Chinese have completed the revision of their year plan it is hoped that they will begin to fill the gaps in equipment that their own country cannot supply from abroad. Two obvious areas are exploration and development equipment and machinery, both of which have indicated they will probably be able to manufacture these things for themselves. The short term it seems unlikely that they will import order to save time. Britain fairly ought to be able to compete in these and other areas.

Colina MacFarlane

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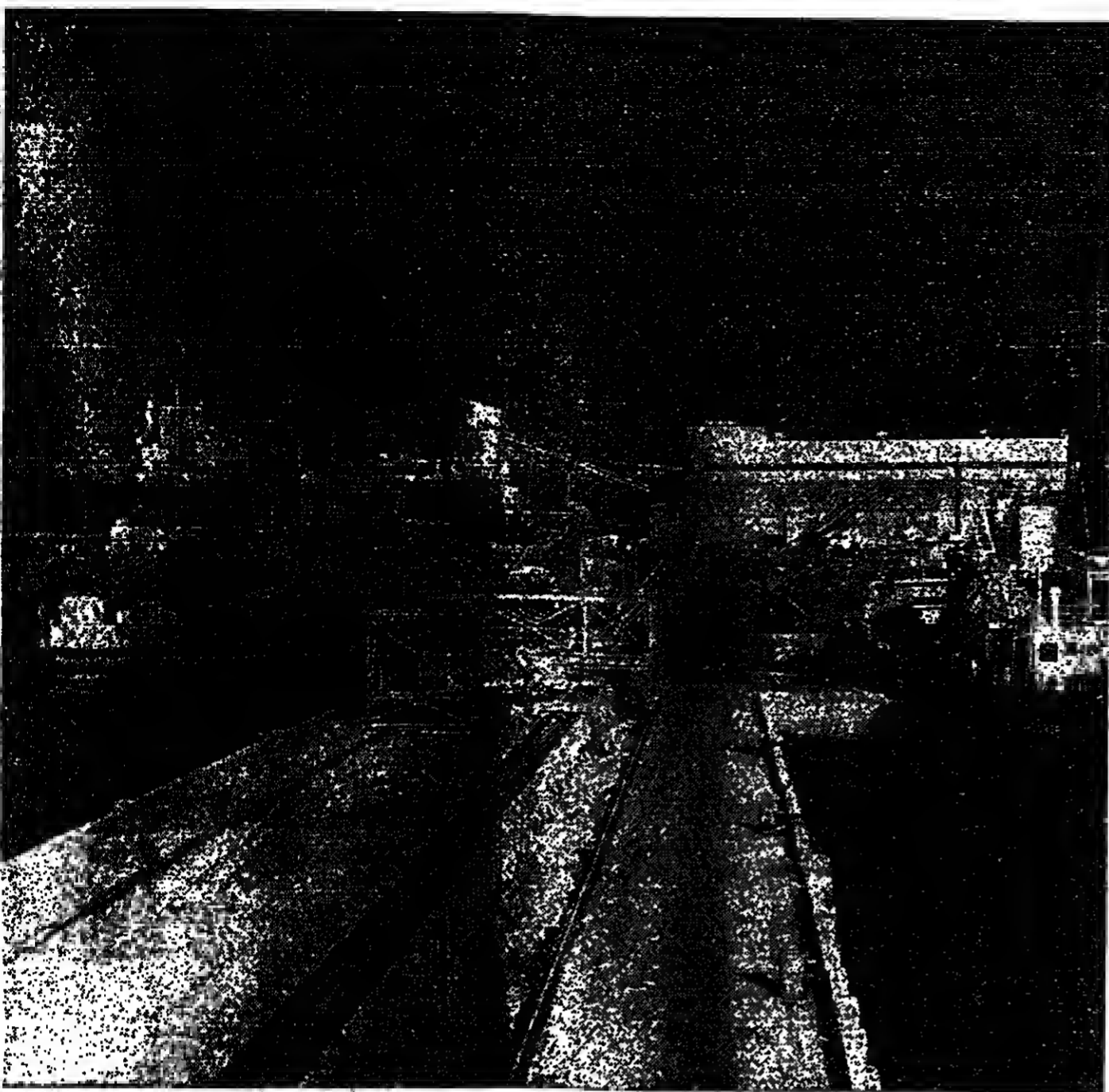
This was the message also put across to businessmen who visited the Exports Commodities Fair during the spring. The Chinese conveyed the impression that they are now revising their 10-year plan, which was supposed to start in January last year but was rudely interrupted by the political troubles that followed the death of Premier Chou-En-Lai, and later of Chairman Mao himself.

Last year the very mention of economic planning was enough to make Chinese officials a likely target for criticism. This year the new leadership is working on its plans to make up for lost time. Dozens of economic conferences have already been held, and the most recent was accompanied by a People's Daily article which put forward a surprisingly liberal point of view, that China should import from foreign countries whatever was good in every sphere.

British exports have some leeway to make up. Figures for sales to China in the first four months of this year at under £22m. were only about two-thirds of those for the

Handwritten note: 10000 ton

BRITISH EXPORTS XIX



The 10,000 ton Albright Explorer being loaded in Newfoundland with the first shipment of yellow phosphorus for Nippon Chemical in Japan. The order is worth £4m. to Albright and Wilson.

Japan: problems of distribution

BRITAIN'S EXPORT trade with Japan rose by 36 per cent. to £149.5m. in the first 11 months of this year. The general upturn in world trade is partly responsible for this improvement but so are the intensive efforts of the industry, together with the various U.K. trade organisations, to boost trade between the two countries.

Buoyancy

Despite the relative buoyancy of this country's export trade, the Japanese business community continues to outsell U.K. on a mammoth scale. Japanese imports into the U.K. amounted to £344.5m. during the first four months of this year, a rise of 57 per cent. in 1977. British exports to Japan rose from £308m. in 1976 to £372m. in 1977, creating a trade imbalance for the country of no less than £70m.

Understandably the U.K. authorities are concerned at this situation, and as a result the Government has taken a number of measures within the U.K. for increased level of trade with Japan are rising almost daily.

But it is equally clear that if trade between the two countries is to progress on an equitable basis a fairly radical shift in Japanese importing procedure will have to be made. In a recent speech in Tokyo, Mr. Edmund Dell, the Secretary of State for Trade, told a meeting of foreign and Japanese journalists that Britain wanted to see the "final abandonment by Japan of the idea that imports were somehow slightly unpatriotic." Mr. Dell argued that Japan has an unnaturally low ratio of manufactured goods to its total imports from the U.K. (around a fifth compared with roughly half for export trade generally with Europe). He warned that failure to adjust this ratio upwards might have grave consequences for the stability of world trade.

This sort of language is of significance more in political terms than as a specific threat to commerce. But the U.K. authorities are plainly urging the Japanese to take a less restrictive line with imports. Until the late 1960s Japan was heavily protected by import quotas and general tariffs. These have largely been removed but their place has been taken by a

system of local practices that—though difficult to define and because of outright protectionism—have the effect of making it hard for foreign businessmen to break into the Japanese market.

There are, for example, a great many admission regulations applying to a variety of goods and products, notably foodstuffs. These are strictly laid down but also discretionary and liable to sudden change. This makes exporting to Japan the sort of headache that the businessman with extended communications can well do without—which is frequently what he does, preferring to concentrate on Europe or the U.S. where trade is both freer and less extended in terms of delivery time.

Competitive

It has also been claimed that the Japanese distribution system can result in some products being sold at as much as five times their retailing price in the U.K.: in contrast Britain's distribution system allows Japanese goods to reach the consumer in this country at a much more cost competitive price.

However, despite its apparent hostility towards imports, Japan is clearly an important world market—and one that industry in this country can successfully carve their way into if they are prepared to devote the time and energy. The British Overseas Trade Board has assessed the time needed as five years for a successful market share to be built up from scratch in Japan.

The BOTB's current intensive campaign for increasing U.K. exports to Japan takes three separate forms. One is general to world trade in general with the Board sending out trade missions—22 are earmarked for 1977. But the other two arms of the campaign are confined to attempts to lift U.K.-Japanese trade.

The Board (through the British Marketing Centre) exhibits directly at Japanese trade fairs—there were ten instances last year—while in London it has its own Japanese unit. This gives advice to potential and existing exporters as well as co-ordinating the Government's attempts to boost trade with Japan.

Africa: some fast-growing markets

AFRICA HAS taken over from Asia as Britain's largest export partner on the African continent and is now one of the fastest growing—if not the fastest—among British export markets anywhere in the world. This point was re-emphasised last month by Dr. David Young, the Foreign Secretary, when he said: "For Britain, as a trading nation, Black Africa is an area of rapidly growing importance." But it is an area of rapidly growing competition, with the U.S., West Germany and France fighting for a greater share of the market of Britain's Commonwealth partners. At the time there are considerable opportunities for enterprising British exporters to break the more prosperous of the more numerous African countries.

and Australia, so that the relative importance of all three countries has diminished over the past ten years. South Africa, which ranked fourth among Britain's export markets in 1966, taking £247m. of goods, or 4.7 per cent. of total British exports, now lies in 13th place, importing £845m. worth of goods last year, 2.5 per cent. of total exports.

But this is still a high percentage and South Africa remains one of this country's most important export markets, even though the recession there and the import surcharge imposed in the last Budget are having effects on the current volume of trade. Britain, which has an 18 to 20 per cent. share in the Republic's import market, has one distinct advantage over its competitors in that U.K. companies are the largest foreign investors in South Africa and there is therefore a steady demand for British components, machinery and spares.

Fierce

With South Africa manufacturing many of its own consumer goods, there is not the export potential in this sector, though it is used to be, but international competition remains fierce in the heavy capital goods market.

Since Nigeria's oil boom, competition there has been equally fierce and Britain's share of the import market has dropped during the past seven years from 31 to 32 per cent. to around 25 per cent. But this is still considerably above the 15 to 20 per cent. share Britain holds in its other main Black African

markets, Ghana, Kenya and Zambia. And with North Sea oil coming on stream, the trade balance with Nigeria is heavily in Britain's favour. Last year the U.K. sold goods worth £774m. there, while imports from Nigeria totalled £317m.

British officials expect Nigeria's imports will increase at an average rate of 20 per cent. per annum over the next five years and feel that the volume of U.K. trade will keep pace with this, despite the challenges posed by the U.S., West Germany and France, with the Japanese also showing signs of greater interest in this market. Nigeria's succession of industrialisation decrees, placing a greater shareholding in expatriate companies in local hands, is not expected to alter the pattern of trade, although it could make it more difficult for companies to find good local agents. And a good agent is an important asset in Africa, where communications can be frustratingly difficult, appointments are often difficult to make and incorrect documentation can produce payment delays.

An additional problem is transport, getting goods into the various countries. Nigeria, for example, has its port congestion, although British exporters have an advantage here in that the U.K. conference lines have two permanent berths at Apapa, the port for Lagos, with an average turnaround of four to five days. Zambia, to which Britain has exported £66m. of goods last year, has faced transport difficulties ever since the closure of its border with Rhodesia, a situation exacerbated by the closure of the Beasuala railway. Ivorian market.

its outlet to the Atlantic, during the Angola civil war.

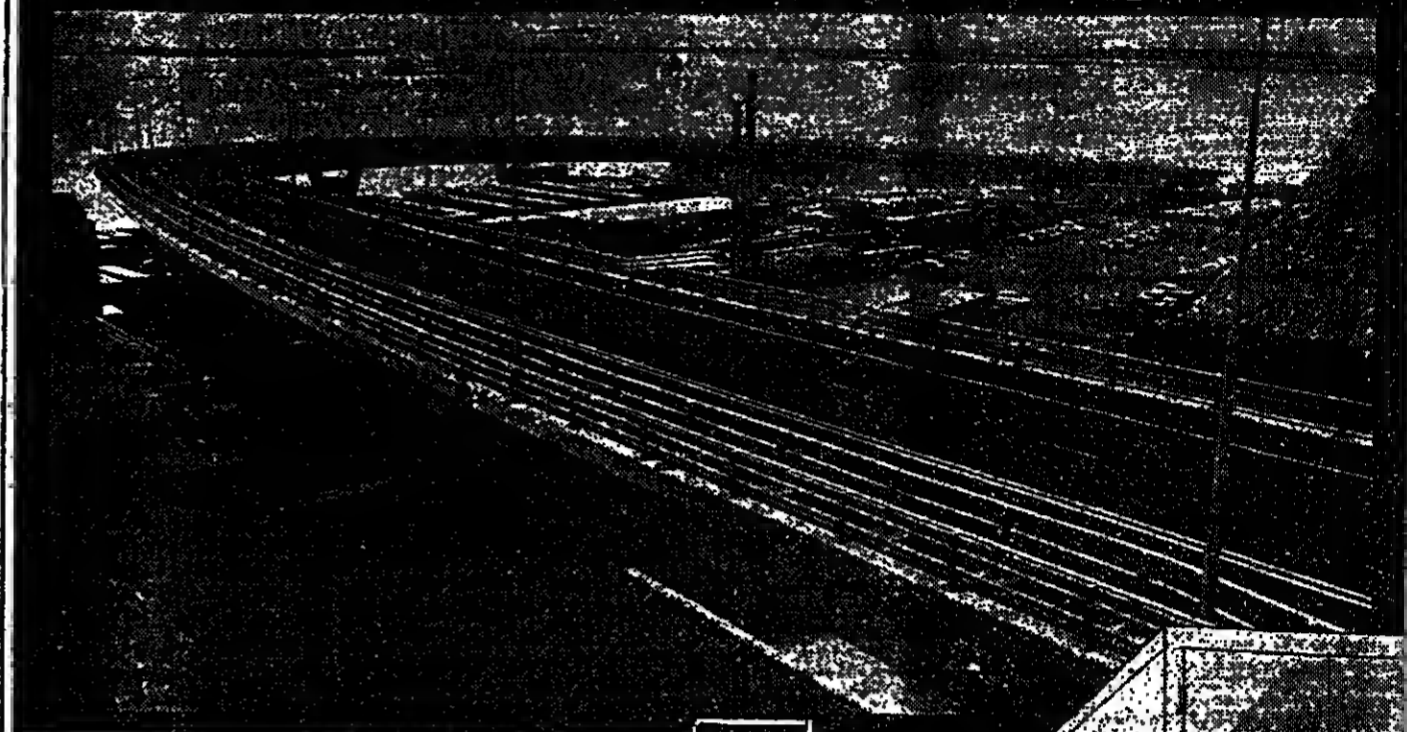
Nigeria, apart, Kenya is regarded as the most promising market for British exporters in Black Africa during the next few years. Ghana, which imported £82m. of British goods last year, is in economic difficulties which look like persisting, even though the Government, encouraged by high cocoa prices, has announced an increased level of import speeding for this year.

Meantime, the Lomé Convention, governing trade between the EEC and Black Africa, has opened up new opportunities for British exporters in Francophone Africa, notably in the Ivory Coast, one of the continent's most successful economies, and in oil-producing Gabon. There are problems in making inroads here—business practices are somewhat different and there is the language barrier—but none of the difficulties is that great.

Most attention is being focused on the Ivory Coast. Mr. Michael Meacher, the Under-Secretary of State for Trade, has paid a visit there, as did Prince Charles in March. A British trade fair is being mounted in Abidjan next February, at which some of Britain's largest companies intend to exhibit. And the British Overseas Trade Board has written to 100 British companies which operate in France, asking whether they would be interested in expanding in the Ivory Coast, the idea being that these companies, with their French experience, would find it easier to break into the market.

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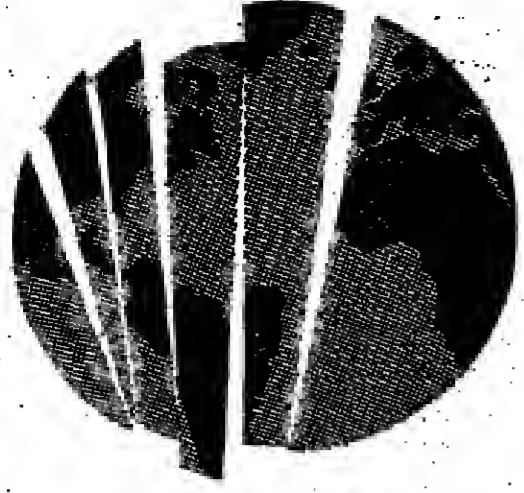


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Britain is one of the world's leaders in international tourism and in this Jubilee year it is heading for a net surplus on the tourism account of no less than £1bn. But, as ARTHUR SANDLES here points out, there is a need to distinguish between the temporary and the lasting factors in our favour.

Tourism bonanza

BRITAIN is nowadays very much in the major league when it comes to international tourism. At one stage this particular section of the export business was invisible by both nature and name when balanced against the spending by Britons abroad. Last year, however, the net surplus in our favour topped £500m, and gross receipts, including fares paid to British carriers, were more than £2bn. This year the British Tourist Authority is looking to year-end totals which will show spending at a steady average of £7m a day.

Finding the root cause of Britain's success in the tourist business is not easy. True, in tourist terms we have a good product and, via the BTA and British Airways particularly, it is well marketed abroad. There seems, however, to be some other secret ingredient which has turned the possible into the actual. Tracking the ingredient down is important—after all, we might let it slip away without ever knowing what it was.

There is considerable argument that much of the tourist boom is due to the rapid fall in the value of sterling against the currencies of the tourist-generating nations— notably Western Europe and the U.S. But this is not entirely supported by the available evidence. Much of the strength of Britain's tourist boom has been in areas which are not noticeably price-sensitive. The hardest pressure on accommodation recently has been on the jet-set strip of London's Park Lane, an area where prices are not noticeably different from big city tariffs in the rest of the world.



Oxford Street decorated for Jubilee year. Local traders are expecting record sales.

Shopping

There is of course the question of shopping. Britain's shops are still rather more sophisticated than many elsewhere and the Jaeger clothing and Doulton china that seems to the locals to be at the up-market end of the shopping list are surprising inexpensive when compared with the prices charged for such goodies in Munich or Miami.

Another important factor is that Britain is a small country, and the bright lights of the West End are not very far from the Georgian splendour of Bath, the mysteries of Loch Ness or the rolling scenery of Wales. However, this element, like the others, is simply part of the secret formula. The question bothering the tourist industry within the U.K. is whether the totality can be retained.

Oddly enough the greatest danger to this particular export activity may well be the very prosperity to which it contributes. Although tourism may not be as price-sensitive as many people assume, it is certainly price-aware. Marginal movements in costs do not seem to have a serious impact on tourist arrivals, but substantial change can affect traffic, particularly when those changes are marked in their contrast with rival or adjacent destinations. Thus it may not only be the rapid fall in the value of sterling which

helped the British tourist boom last year, but also the relative strength against the dollar in particular of some other European currencies.

If the British economy were to revive to such an extent that sterling was forced up in value, while at the same time rival currencies such as the Portuguese escudo and the Jamaican dollar have already done recently and the Spanish peseta might do after the election, it would spell a tough time for tourism. If any demonstration of this effect were needed, one only has to look at Swiss, German and even Austrian tourism in recent years. Pressure on the Swiss has been such that some hoteliers are boasting about the fact that they have not raised their prices for three years. Germany keeps a very low tourist profile these days thanks to the fact that most of the countries which might attract the tourists, have somewhat weaker currencies than the D-mark and tourists do not like feeling poor during their visit.

The differing approaches to tourism, produced by changed circumstances are striking. In Britain the fixing of tourist taxes in order to squeeze a little more from the visitors. In some parts of Europe they are talking instead of a Government-subsidised advantageous tourist exchange rate so that the visitor can afford to stay.

The other problem with prosperity is that it encourages residents to venture abroad more. Much of the £1bn. tourism surplus for which the U.K. is heading at the moment is accounted for by a fall in the number of British residents going abroad for their holidays. If the economy were healthier then the revenue of the airlines and tour operators would rise to the cost of the travel account.

It is for these reasons that Britain has to be extremely careful to preserve what is at the moment a healthy industry, but in order to do that the Government is faced with some fine dilemmas. These are both practical and political. Politically governments are not particularly keen to encourage service industries, which tourism is—a contrast emphasised for Britain when that service industry is heavily based on London and the South. Tourism has very little voting power. It is not particularly unloved in spite of Sir Charles Forte's current criticisms and the effects of tourism are such that much local voting pressure is anti-rather than pro-tourist.

Example

In practical terms Government can only stimulate areas of tourism on a minor scale. In Britain, unlike many other countries, it cannot manage tourism. A simple example of this might be the Norfolk Broads. There are various areas of the Broads which might be opened up and used for tourist purposes. Any attempt to do this, however, would lead to an alarming conflict of interest between the numerous authorities involved.

Who would be in control of the development? The Department of Trade—which is in theory the British Ministry of Tourism? Or perhaps the Ministry of the Environment, which would need to improve the communications in the area? Then there are the water authorities, the county council and the other local authorities, which would all insist on their rights in certain issues. Inter-departmental relationships in Whitehall alone have a bad enough image. If something on the scale of the French Aquitaine project were attempted in Britain it would surely founder.

This may be the price we pay for democracy, but it is also something that has to be borne in mind by protagonists for a Minister of Tourism who might simply find himself a Minister for the Promotion of Tourism quite incapable of carrying out the role of Minister for the Management of Tourism. A Government which cannot control the price of Coca Cola in Hyde Park is hardly equipped to engineer a tourism revolution.

The future of tourism in the U.K. is therefore likely to be one of reaction rather than action and of compromise rather than decision. This is not necessarily a bad thing, and has certainly served the tourist industry as a whole well in recent years. The essential difference between the British tourist industry and some others

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Enter stage left: more National problems

BY ANTONY THORNCROFT

SIX WEEKS' unofficial strike members of the National Association of Television Technicians and Cinema Employees, who closed the National Theatre and lost it £28,000 in income, could not have arrived at a worse time. For a very difficult first year is now South Bank home the National Theatre seemed to be rising upon calmer waters, commercially and artistically.

It is appropriate that the National Theatre should have involved the services of a plumber since most of the National Theatre's problems have centred around its buildings. First there were the structural criticisms of the building, with its three trees, its river terraces, its bars and restaurants. Then came the delays in opening it during a period of unparalleled inflation, which led to a nonsense of all sorts of dates, and the insistence of the National Theatre on Mr. Hall, that the building should move in and be opened while it was still under construction. Both these factors precipitated a series of problems which are still not yet resolved.

Manual power

In the event, the National Theatre managed to reduce the deficit to £200,000, mainly because the Arts Council, reluctant to see its most heavily subsidised theatre go off to a bad start, contributed an extra £500,000 in aid. In 1978, opening expenses by the National itself and better than expected box office, saved another £300,000.

This year it has fewer excuses, and when the first financial forecasts for 1977-78

are made, this year's industrial deficit could well be a flexing muscle by the militants in N.T.T. in preparation for a battle to come. For some sophisticated machinery, the biggest and modern of the auditoria, all not working. In particular, the cycle-converters, are programmed by the computer to feed impulses to the motors controlling the stage, and the lighting. Every time the

stage moves it is because of behind-the-scenes manual power—often operating at overtime rates.

This delay alone is costing the National an extra £30,000 a year on the wages bill. But when the teething troubles are finally sorted out, will the management dare dispense with any surplus stage hands? When the first theatre company, the Lyttelton, opened for business in March, 1976 there was a good case for employing a company of well over 600, including 100 or so actors, because of the unfinished state of the buildings and the inevitable emergencies in running such a complex venture. Now the company are unlikely to take kindly to any streamlining.

The first financial pressure which can be expected to be felt by the Lyttelton was the opening of the 1,100-seat Olivier. In October, 1976, rather than as planned, in June. These four months cost the National almost £800,000 in box office, catering and book shop receipts and were the biggest factor in the threatened deficit of £1m. in the first year. The rest of the loss could be attributed to a subsidy shortfall of £300,000, and a further £100,000 to the problems of working in an incomplete theatre.

The changes mainly involved suggested a shortfall between the Olivier mounting five new productions a year and one revival instead of seven and two, and grammes of economies. The basic Lyttelton cutting back from three to two, while keeping two revivals. Since one production can cost almost £60,000 to mount, gap is mainly, but not quite, bridged by subsidy—the Arts Council offering £2.5m. this year and the Greater London Council £350,000.

In March Mr. Peter Hall called the entire company together and suggested changes which could save the £750,000. Many of the proposals were very minor—like getting £10,000 from raising the mailing list subscription and selling advertising on the list; others were more far-reaching and, in fact, changed the whole theatrical policy of the National.

A related saving was the decision to reduce the re-percentage to three to a week at the Olivier and to one at the Lyttelton. This meant paying the stage crew less overtime for shifting scenery, and all told could reduce costs by almost £50,000. Originally it was hoped to cut the payroll by about 80, but in the event, the National, avoided a row with the unions over this proposal. It has managed to attract 90



Pickets (left) at the entrance to the National Theatre. Mr. Peter Hall (right) has carried the bulk of the company with him during a difficult period for the National.

operating the theatres more efficiently.

By such hand to mouth expedients the National is attempting to balance the books but any unexpected event, like the unofficial strike, can throw the enterprise off-course. And while, on a year-to-year basis, income and expenditure can be roughly balanced, no provision for capacity audiences, as against its budgeted targets of 80 per cent. It is starting to exploit its productions and to seek industrial sponsorship.

Perhaps its main achievement has been collecting £700,000 in box office receipts from West End transfers (as against just over £1m. from its South Bank box offices).

task of Michael Birkett, who had become deputy director until he became a victim of a minor economy cut. Already Lucas has contributed a few thousand pounds to help the recent visit of his local Birmingham repertory theatre, and in August, when opera is presented at the National for the first time in the form of Glynébourne's *Don Giovanni* (produced by Peter Hall) John Player is meeting some of the considerable cost.

One problem is that there will be fewer transfers in the future—with three theatres to occupy they will be hard to justify. Broadway is already after the National's greatest commercial success. *Bedroom Farce*, but this is likely to exhaust its run over a few years at the Lyttelton. At least the absence of transfers will reduce the carping criticism of the per cent royalty that Mr. Hall receives when plays he has produced for the National move to the West End, and on the deficit side of the National week-theatre account must be placed the acrimony aroused by its director.

Mr. Hall towers above his associate producers, and potential rivals, like Mr. Jonathan Miller and Mr. Michael Blake, more, have left the National after well-publicised disagreements. As a consequence, the productions mounted over the past year sometimes seem to reflect one man's taste. While *Force of Habit* and *Counting the Ways*, were disliked by the critics, many others failed to excite much acclaim. Only in the last few months with *Bedroom Farce* and *Volpone* has the National managed both critical and commercial success. While the National was falling to excite with its output, its rival, the Royal Shakespeare, managed a

Strong line

Its status as a national institution is both an asset and a liability—it virtually ensures Government financial support through the Arts Council but it enables the unions to take advantage of its financial success. After 18 months in its *Farce*, but this is likely to exhaust its run over a few years at the Lyttelton. At least the absence of transfers will reduce the carping criticism of the per cent royalty that Mr. Hall receives when plays he has produced for the National move to the West End, and on the deficit side of the National week-theatre account must be placed the acrimony aroused by its director.

It has obviously failed in some of its aims. It has not enlivened the South Bank at night, and economies have forced it to shorten the hours when it is open during the day. Its new experimental auditorium, the Cottesloe, is too large in the past year sometimes seem to reflect one man's taste. While *Force of Habit* and *Counting the Ways*, were disliked by the critics, many others failed to excite much acclaim. Only in the last few months with *Bedroom Farce* and *Volpone* has the National managed both critical and commercial success. While the National was falling to excite with its output, its rival, the Royal Shakespeare, managed a Theatre to confound its critics.

Letters to the Editor

Procrastination record

Professor Edward Stamp, who took course for Mr. Davison to niter his criticisms of the account of the failure to produce a set of standards (May 30). It is therefore that Mr. John Wake (June 1), the accountant is seen fit to respond to Mr. Davison in such a contemptible and unconstructive fashion. I am sure that all the members of the Department of Industry's inspectors on London and County published early last year it abundantly obvious that there was an urgent need for the production of a set of standards without delay. There is in fact at difficulty about such a set of standards. It will take some 30 years to produce a set of standards. The Institute of Chartered Accountants has been producing a set of standards for less than 30 years. The American Institute of Certified Public Accountants has been producing a set of standards for less than 30 years. The American Institute of Certified Public Accountants has been producing a set of standards for less than 30 years.

Preparing the youngsters

From the President, British Women's Organisation for Rehabilitation through Training.

Sir, — I have studied with interest the report of the Manpower Services Commission and the excellent proposals which it contains in providing new opportunities for unemployed young people.

There are, however, only brief references in the report to the problem of those seeking employment to-day who lack the basic skills of reading, writing and arithmetic, and whose general attitude to work is unsatisfactory. In the national debate on education a great deal of blame has been put on the schools and the teachers for this inadequacy. But should we not consider that the reasons for this failure may not always be due to poor teaching, but due to unresponsive pupils? There are many young people of 14-16 years of age who find the academic work in schools boring, frustrating and irrelevant to their future working life.

I would suggest that the over-emphasis and high prestige which our society has given to academic achievement has introduced the false concept that all children benefit from academic schooling until the age of 16. I believe that any plans to overcome the problems of unemployment among young school-leavers should seriously consider the possibility of introducing vocational and technical training for some children into the school curriculum.

This has been successfully done for many years by an international organisation, O.R.T. (Organisation for Rehabilitation through Training) which runs technical and vocational schools for 14-18-year-olds in many parts of the world. O.R.T. was created nearly 100 years ago by a small group of Russian Jews, and now trains approximately 70,000 students a year. Those schools from which we could perhaps

The corpulent state

From Dr. R. Cutler.

Sir,—The F.T. is fortunate in its contributors and not least in Dr. David Carrick whose subject matter and style matches that seen in other pages of the paper. His recent (May 30) contribution on obesity—the illustrations are always delightful, and lack of useful point as far as treatment is concerned, namely having trousers stylishly fitted, normal with a suit bought "off the peg," as any increase in girth is at once comfortably apparent, and the doctor's suit in the first place the greater incentive to keep it in commission.

The soothing pleasantries of the discreet bespoke tailor regarding an increase of girth and how this should be accommodated is the equivalent of the lack of useful point as far as treatment is concerned, namely having trousers stylishly fitted, normal with a suit bought "off the peg," as any increase in girth is at once comfortably apparent, and the doctor's suit in the first place the greater incentive to keep it in commission.

Currently ten stone, I admit to wearing a most comfortable suit made when I was 12 and a half stone. The marsupial utility of the trousers being such as to be considered in order by a kangaroo, though I do sense the potential dangers if my braces failed (hardly necessary

Glass fibre and health

From the Managing Director, Scandinavian Glasfibre.

Sir,—It is apparently clear that the problems associated with the size and structure of the fibres and this conclusion itself tends to equate glass fibres of any size with ill-effects. Glass fibres break up horizontally whereas asbestos fibres divide longitudinally. Glass fibres of a type used in industry do not, therefore, become small enough to penetrate into the respiratory organs in the same way that asbestos fibres do.

There is an abundant amount of evidence to confirm this view and, in fact, experiments in which glass fibres were artificially injected into the pleural cavity of rats only produced ill-effects when the fibres themselves were considerably smaller than those normally encountered in industry.

The report (May 23, page 33) of Dr. Jolliffe and Professor Szellard's evidence to the committee on asbestos states that "as these substances have only been in widespread

The merits of added value and efficiency

From the President of the Engineering Industries Association and Mr. J. Curry.

Sir,—The letter which you published on April 27 from Mr. J. Curry and me gave rise to a great deal of correspondence. I am sorry that the added value concept as a management tool.

The letter you published on May 2 from Mr. Rutherford, however, is difficult for us to understand in that he is almost suggesting that what we aimed to achieve is exactly the opposite of what we intended and this is definitely not so. To clear some of his points that we do understand we would like to point out that if he had had the patience to read through to the last paragraph of our letter he would have seen that we have an exact definition of added value. It is the sum of wages costs including social service and pension charges, rent of premises and hire of equipment, interest on borrowed capital, local rates paid on the industrial premises, corporation tax, net profit after tax and depreciation charges. This is the definition of added value used in Japan and the U.S.A. and is also used in Germany except that in that country depreciation is regarded as a "bought in" item. As German companies, however, invariably give the actual depreciation charge places

Phone call charges

From the General Manager, Tubulines (U.K.).

Sir,—It is not uncommon these days to knock nationalised industries, sometimes, we feel, quite unjustifiably so. We wonder, however, if it is possible to extract a logical reply from the Post Office in the ever changing telephone calls at different rates during the day.

We are a totally telephone sales orientated company with the majority of our business coming from incoming calls and our daily order ratio per person varies very little up or down from that achieved by our American and European divisions.

What we do find is that, because of the cheaper telephone calls in the afternoon, our telephone sales desk personnel spend most of the morning twiddling their thumbs, while in the afternoon they do not have enough time between incoming calls to even think clearly, let alone concentrate on their proper job of selling per person effect is, with our same day despatch principle, that orders which could be processed regularly during the day are still being processed in the late afternoon and early evening.

Why do these small businesses which are trying hard to establish a reputation for quality and reliable service, have to suffer because of the incomprehensible way that the P.O. forces subscribers to cram their daily quota of calls into half the available time?

Colin J. Green, West Bay Road, Southampton.

Post office services

From Mr. A. Scott.

Sir,—It would appear to be impossible for the Post Office to segregate and retard second class mail relative to first class mail without employing delayers—whether human or mechanical. Perhaps Mr. Young (June 1) can explain this miracle which he claims by inference though not explicit statement.

The Post Office must take considerable pride in this great British achievement of inventing second class mail which appears to cost more to operate with extra sorting, delaying and stringing etc., and yet which is charged less to the public than first class mail.

Let us not forget, too, that before the war, ordinary mail, often from considerable distances, was commonly delivered on the day of posting.

A. D. Scott, Wood End, Stanley Avenue, Bebington, Wirral, Merseyside.

To-day's Events

Prince of Wales receives Freedom of Montenegro and later opens Natural Gas Tubes welded steel tube plant at Tazaraubach.	Airspring, Trowbridge, Wilts, 3. England (J. E.), Telford, 2.30. Evered, Birmingham, 12. Garnar Scotland. The Grange, Bermondsey, S.E. 25. Morris Blake Wallpapers, 10, Belgrave Square, S.W. 12. Richards Wallington, Birmingham, 12. Tate of Leeds, Leeds, 3. Watts Blake Bearne, Hove, 12.00. Hampton, Devon, 12.00.
National and regional officers of Electrical and Plumbing Trades Union address mass meeting of electricians on unofficial strike from BCS's Port Talbot works.	London Sinfonietta gives Silver Jubilee Concert, including new work by Sir William Walton. Queo Elizabeth Hall, S.E.1.
Mr. Malcolm Fraser, Australian Prime Minister, speaks at Royal Commonwealth Society lunch.	Queo Elizabeth Hall, S.E.1.
Paris Air Show, Le Bourget.	Queo Elizabeth Hall, S.E.1.
Aberthaw and Bristol Channel.	Queo Elizabeth Hall, S.E.1.
Mr. Peter Drucker, a U.S. Portland Cement, Cardiff, 12.30, 7.45 p.m.	

CAMREX

(HOLDINGS) LIMITED

"A most rewarding year"

Alex G. Cameron, Chairman

Salient figures — £,000	1976	1975
	● Turnover	24,522
● Profit before taxation	1,906	1,206
● Profit after taxation	952	581
● Earnings per share	11.77p	7.51p
● Net assets per share	73.16p	62.70p
● Dividend cover	3.63	2.54

Record results
Turnover increased by 18% to an all time high of £24.5 million. The strong emphasis on exports produced an increase of 46% to £10.9 million. Profits before tax reached new heights at £1.9 million showing an increase of 58% and have doubled over the five year period.

Liquidity
1976 has been a year to benefit from improved financial control. Whilst sales advanced by £3.7 million the net liquid funds needed were reduced by £2.5 million. This represents a most significant improvement. Considerable unused banking facilities are still available for future expansion.

Dividend
A final dividend of 1.77p per share is recommended making a total of 3.24p per share for the year, the maximum permitted under current legislation.

Trading
Camrex Limited had another record year for profits and exports and is confident of further expansion. The rationalisation of Camrex Comoson Engineers has been completed and an increase to group profits will result.

The future
The group's resources are being employed to the maximum advantage and return on assets is now a satisfactory 33.9%. I look forward to further progress and with our wide spread of operations and the knowledge, expertise and experience contained within the group, I am sure we can take full advantage of any opportunities that present themselves.

Addressing the Annual General Meeting, held in Sunderland on the 2nd June, the Chairman said:
"Profits for the first four months of 1977 continue at a satisfactory level and in accordance with expectations. I am very pleased to announce the appointments of Mr. S. J. Robson and Mr. A. W. R. Cameron as directors of the company. This is in line with our policy of strengthening the Board to continue our expansion."

Copies of report and accounts can be obtained from the Secretary, Camrex House, Sunderland.

MANUFACTURERS OF SPECIALISED SURFACE COATINGS, WORLDWIDE CORROSION ENGINEERS AND CONTRACTORS.

COMPANY NEWS + COMMENT

Morgan Crucible up to £3.1m. first quarter

Announcing first quarter 1977 pre-tax profit up from £1.5m. to £3.1m. Mr. I. W. Smith, chairman of Morgan Crucible Co. reports that markets remain good in the U.S. and South East Asia, strengthening in the U.K. and Japan, but still weak in Continental Europe, Australia and Canada.

INDEX TO COMPANY HIGHLIGHTS. Table with columns: Company, Page Col., Company, Page Col.

ing for tax of £944.11 against £88,650, the net balance emerges at £225,380 compared with £160,070, giving earnings per 25p share of 49.7p (20.0p).

The company continues to find new opportunities for its products in most geographical and technological areas, particularly energy conservation, he adds.

in come, the group's medium-term outlook is bright. In the current year profit could reach £13m, which would cover a maximum yield of 15 per cent. at 10 3/4 times, and given the strength of the recently published balance sheet which showed little short-term debt, the shares look fairly attractive.

comment The present squeeze on consumer spending has apparently not yet hit the provincial casino business, and Pleasurama's interim profits bear this out with a 49 per cent rise in the pre-tax level.

For the full year 1976 pre-tax profit was £29.85m and turnover £78.97m. Stated earnings were 11.5p per share.

PLEASURAMA better at halftime. REFLECTING both an improvement in the level of business and a gradual move away from dependence on seasonal activities Pleasurama reports taxable profits up by 60.12m. to £3.55m. in the half year ended March 31, 1977. Turnover was up from £2.55m. to £3.55m.

comment The rights issue, which is underwritten by J. Henry Schroder Wagg, is also offered to convertible holders on the basis of 10:1 conversion.

Morgan Crucible continues to race away in the current year, with first quarter profits more than doubled pre-tax on 250 per cent. rise in sales.

comment The net interim dividend is raised to 0.75p (0.67p) per 25p share. Last year payment, totalling 1.515p, were paid from profit of £9.97m.

comment After a 42 per cent. profit rise in the first half, Sangers has produced a disappointing 19 per cent. advance in the second half.

comment Morgan Crucible continues to race away in the current year, with first quarter profits more than doubled pre-tax on 250 per cent. rise in sales.

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comment After a 42 per cent. profit rise in the first half, Sangers has produced a disappointing 19 per cent. advance in the second half.

ISSUE NEWS AND COMMENT

TKM £2.6m. rights: reducing gearing

TKM is proposing to raise £2.6m. by a rights issue and is putting forward new terms to entice the convertible stockholders to swap into the Ordinary shares.

increasing pressure is likely to be put on it overseas to reduce substantial local minority investments in non-banking companies such as TKM.

comment For the second time this week a company is coming forward with proposals for a rights issue and a conversion of its loan stock in what amounts to a de-gearing operation.

comment For the second time this week a company is coming forward with proposals for a rights issue and a conversion of its loan stock in what amounts to a de-gearing operation.

Martin raises £1.25m.

Martin The Newsgroup is aiming to raise £1.25m. by a five rights issue at 22p per share. The directors are also forecasting a 51 per cent. increase in the dividend for the current year.

comment The rights issue, which is underwritten by J. Henry Schroder Wagg, is also offered to convertible holders on the basis of 10:1 conversion.

Enkalon seeks £2.5m. from parent

PROPOSALS ARE announced by Enkalon to raise £2.5m. by way of a rights issue of 10m. new 25p Ordinary shares at 25p each to Akzo which already holds 61.7 per cent. of the Enkalon equity.

comment PROPOSALS ARE announced by Enkalon to raise £2.5m. by way of a rights issue of 10m. new 25p Ordinary shares at 25p each to Akzo which already holds 61.7 per cent. of the Enkalon equity.

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date of payment, Corro. spreading, Total for year. Lists companies like Aikins Bros., Buckley's Brew., Carr's Milling, etc.

Hickson & Welch £1.88m. ahead

CHEMICALS MANUFACTURERS, Hickson and Welch (Holdings), reports an increase in taxable profits for the half year to £3.01m. to £4.58m. on turnover up by £7.1m. to £22.53m.

comment The directors state that, overall, the picture for the second half is encouraging. The major sectors of the business are trading satisfactorily and they consider pre-tax profits for the year should comfortably exceed the 1976-77 £743,958 achieved in 1976-77.

Carr's to exceed £0.74m.

SALES for the 27 weeks to March 5, 1977, at Carr's Milling Industries came to £11.7m. compared with £4.6m. for the first 26 weeks of 1976-77 while profits of £1.1m. are £250,000 (1976-77) before tax of £185,000 (1976-77).

comment The directors state that, overall, the picture for the second half is encouraging. The major sectors of the business are trading satisfactorily and they consider pre-tax profits for the year should comfortably exceed the 1976-77 £743,958 achieved in 1976-77.

Leslie & Godwin take a new look at traditional markets and actively pursue new business opportunities

The Chairman, The Hon. Jacob Rothschild, reported that group profits for 1976 had increased from £3,835 million to £4,938 million and the net profit attributable to the company had increased from £1,683 million to £2,083 million.

underlying strength on service and technical expertise is more than enough to assure continued expansion and consequent profitability in its international business.

Table with columns: 1976, 1975. Rows: Group Profit, Profit before Tax, Taxation, Less: Minority Interests, Extraordinary items less taxation, Profit attributable, Dividends per Ordinary Share, Earnings per Ordinary Share.

considerable effort is being applied to introducing new management techniques and further improving our service to clients. We are taking a new look at traditional markets and - just as importantly - seeking new business opportunities and markets. With our strong financial position we are well placed to take a lead in what we believe is a changing climate for the insurance broking industry.

B. S. & W. Whiteley

Following a rally at half year from a depressed pre-tax profit of £8,757 to £10,578, B. S. & W. Whiteley ended the year to March 31, 1977 with £28,464, compared with a loss of £77,598. Sales were up £1.57m. to £8.08m.

comment It is surprising on the face of it that Martin is going for a rights issue to finance new store purchases. Last year cash flow amounted to £1.1m. and even assuming that remains static in 1977, the addition of a £1m. term loan will cover the forecast £2m. expenditure.

MIDLAND INDUSTRIES

Table with columns: Unaudited results of the Group for the six months ended 31st March 1977. Rows: Turnover, Profit before taxation, Taxation at 25%, Profit after taxation, Preference dividends, etc.

Culter Guard Bridge Holdings Ltd

A YEAR OF SUBSTANTIAL RECOVERY

Table with columns: Preliminary Results for the Year ended 31st March, 1977, 1976. Rows: Turnover, Profit (loss) before tax, Dividend per share, Earnings (loss) per share.

The Report and Accounts of the Company will be published on 6th July, 1977. Copies can be obtained from the Secretary, Culter Guard Bridge Holdings Limited, Guardbridge, Fife, KY16 9QU.

GREEN'S ECONOMISER GROUP LIMITED

Extracts from the Report and Accounts for 1976 and 1975. Mr. S. L. Green's Statement to shareholders: ANNUAL ACCOUNTS: Turnover of the Group rose by 18.5% to £14,436,051 and pre-tax profits increased by 20.8% to £2,194,425.

Leslie & Godwin (HOLDINGS) LIMITED. INTERNATIONAL INSURANCE AND RE-INSURANCE BROKERS. The full Report and Accounts and Chairman's Statement for 1976 can be obtained from the Secretary, Dunster House, Mark Lane, London EC3P 3AD.

The Directors' Report and Accounts are available from The Secretary, Calder Vale Road, Wakefield, WF1 1JH.

Forties boosts BP to £606m. in first quarter

Grand Met. 30% ahead midway

LARGELY REFLECTING the continuing build up of oil production from the Forties field and an estimated 23m. in respect of

BOARD MEETINGS

Table listing board meetings for various companies including Shell, BP, and others, with dates and locations.

including chemicals reflect increased U.K. business and a selective upturn in Europe.

Table showing financial figures for Grand Metropolitan, including sales proceeds, net sales, and other income.

ON EXTERNAL sales up from, charges (including exchange differences) by about £1m.

In order to reduce the disparity with the final interim dividend is increased to 1.5p per 30p share (1.4p).

After taking into account profits from associated companies of £250,000 against £130,000

"Non bisogna imbarcarsi senza bussola"

(Don't put to sea without a compass)

What is good advice for the mariner is equally sound for any organization embarking on international trade or money transactions.

Credito Italiano is highly qualified for this role. It can bring to your business the special skills, the experience and the resources which make it one of Europe's top banks.

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Laughton climbs to £1.04m.

AFTER BEING down at half-way from £202,000 to £188,000, the taxable profit for Laughton and Sons

The net final dividend is held at 2p per 10p share for a total of 10p (9.5p).

Loss by Imry Property

After taking into account profits from associated companies of £250,000 against £130,000

J. Smart to top £1.69m.

FOR THE year ending July 31, 1977, taxable profit of not less than a record £1,690,000, against £1,443,174 in the last year.

The amount of deferred tax for the full year cannot be estimated at present but most of the first quarter figure is attributable to

The directors say that the company has had another successful year although turnover is down.

Table showing financial figures for J. Smart, including external sales, hotels, and other income.

The tax charge includes overseas taxation of £988,000 (£1.2m.)

It is estimated that profits on after-tax. For all 1975-76 there was a pre-tax profit of £279,857

The appreciation of stock prices follows the rise in the cost of crude oil from the OPEC countries from January 1, 1977.

In contrast with the first quarter when product sales were mainly from stocks, income will be adversely affected by a

Net income before extraordinary items for the first quarter amounted to £355,500, which compares with £55,500 in the last quarter of 1976 and with £30,200 in the first quarter of that year.

Compared with the first quarter 1976 total sales have increased 0.3m. tonnes to 33.7m. tonnes.

The spokesman said increased first quarter production sales,

Hay's Wharf over £1m. so far

TURNOVER increased by 37 cent. from £19.2m. to £26.4m. in the first quarter of 1977.

of current interest rates, the directors say. All the divisions of the company, apart from the

net interim dividend per £1 of 1.42p (£1.20p) is unchanged, increased by the amount of 4.43p paid from profits.

of progress was made in the company's programme of development and redevelopment.

Further sales of low value assets, amounting to £0.2m. were agreed and sold.

of the company's operations, achieved during 1976. Charges for finance were reduced from £500,641 to

company should benefit in the long term as a result of the charges arising from the dividend from the lower level.

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Barclays Bank International Limited and its subsidiaries

Interim results for the half-year ended 31st March 1977

The Directors of Barclays Bank International Limited announce that the unaudited group profit for the six months ended 31st March 1977 and the comparative profit for the corresponding period last year is as follows:

Table showing interim results for Barclays Bank International Limited, including operating profit, interest on loan capital, and profit after taxation.

Balance sheets at 31st March 1977

Table showing balance sheets for Barclays Bank International Limited, including assets, capital, and liabilities.

NOTES 1 The Bank is a wholly owned subsidiary of Barclays Bank Limited but has its own quoted unsecured loan capital.

2 Until 30th September 1976 the Bank held 51.67 per cent of the issued share capital of Barclays Bank of Nigeria Limited (BBN).

3 The charge for taxation comprises: United Kingdom Corporation Tax at 52%

Balance sheets at 31st March 1977

Table showing balance sheets for Barclays Bank International Limited, including assets, capital, and liabilities.

NOTES 1 Cash and short term funds include: British and other government treasury bills

2 Investments include securities of or guaranteed by the United Kingdom and other governments

3 Advances and other accounts include trade bills

J. F. O. GIBSON, Chief Accountant, London, 26th May 1977

GENERAL MINING & FINANCE CORPORATION - GROUP OF COMPANIES. DIVIDEND DECLARATIONS. NOTICE IS HEREBY GIVEN that dividends have been declared by the undermentioned companies.

Barclays Bank International Limited. Head Office: 54 Lombard St. London EC3P 3AH.

BARCLAYS International logo and branding.

£0.87m. minorities hit Minister Assets

PRE-TAX PROFIT of Minister Assets rose from £4.4m. to a record £7.2m. during 1976 but the tax on minority payments of £0.87m. compared with £0.04m. to £2.4m. in 1975.

Second half pre-tax profit jumped from £2.5m. to £4.8m. In November the directors forecast an improvement for the year.

Stated earnings are down from 5.9p to 5.24p per 35p share. Dividend total is up from 2.55p to 3.245p with a net final of 1.74p.

Due to the incidence of tax relief in respect of retained investment reserve, no U.K. corporation tax will be payable for 1976, it is said.

Table with 3 columns: 1976, 1975, and a third column. Rows include Investment Income, Underwriting, Motor, etc.

Because of tax relief from realised losses dealt with through investment reserves, no U.K. corporation tax will be payable.

Losses of £0.95m. are available for carry-forward at December 31, 1976 in subsidiary companies to be offset against their future profits.

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Barclays Intl. expects to pass £100m.

MAINLY REFLECTING the general growth in the group's worldwide business, profits before tax of Barclays Bank International expanded by 33 per cent. to £55.6m. in the six months ended March 31, 1977.

This compares with a figure of around £41m. for the year which would compare with £34.5m. for 1975-76.

The group balance sheet at March 31 shows cash and short term funds at £21,029,778,737.

Table with 2 columns: 1977, 1976. Rows include Operating Profit, Share of associated companies, etc.

Selincourt set for jump

IN THE first quarter of the current year trading figures for Selincourt in garment manufacturing and textile group are encouraging and for the full-term Mr. Lionel Selincourt, chairman, forecasts a further significant profit rise.

The group is continuing to build on the success it has achieved in the export field.

The chairman reports a turnover of Tricoona from a loss of £240,000 to a profit of £431,000 and a cutback of £200,000 in losses by almost £100,000.

Table with 2 columns: 1977, 1976. Rows include Investment Income, Underwriting, Motor, etc.

Atkins Bros. up to £0.51m.

PRE-TAX profits of Atkins Brothers (Hosiery) for the year ended March 31, 1977 rose from £228,985 to £300,100 on turnover ahead at £2.68m. against £7.18m.

The directors say that the figures for 1975-76 have been re-calculated to take account of the change in the basis of stock valuation which was to conform with Statement of Standard Accounting Practice No. 9.

The current year had started quickly, the directors say, but this was not unusual as the company operates in a seasonal industry.

Table with 2 columns: 1977, 1976. Rows include Operating Profit, Share of associated companies, etc.

Buckley's advance to peak £0.78m.

APTIER A midway advance from £356,538 to £396,669, Buckley's Brewery finished the 32-week period to April 2, 1977 with record profit of £778,803 against £712,905.

Turnover for the year was ahead at £5.1m. compared with £4.4m.

A final dividend of 1.125p net per 35p share makes a total of 1.405p (0.9075p).

Plysu expands to £0.8m.

AS FORECAST at half-time, growth continued in the second half with taxable profit moving ahead from £0.525p to a maximum of £0.8m.

The months ahead should show a marked increase in turnover and profit as rising demand for the company's containers is matched by increased and even more efficient production.

Stated earnings per 10p share were 7.1p (4.3p) and the net final dividend of 0.725p per share permitted total of 1.2375p (1.1261p).

Young Brewery progress

PROGRESS CONTINUED in the second half with a rise in taxable profit from £0.55m. to £0.85m.

The current year had started quickly, the directors say, but this was not unusual as the company operates in a seasonal industry.

Table with 2 columns: 1977, 1976. Rows include Operating Profit, Share of associated companies, etc.

£2m. turnaround for Culter Guard Bridge

PAPER manufacturers and converters, Culter Guard Bridge Holdings, reports a £2m. turnaround from a loss of £1.42m. to profits of £0.8m. for the year to March 31, 1977.

Turnover for the year was ahead at £5.1m. compared with £4.4m.

A final dividend of 1.125p net per 35p share makes a total of 1.405p (0.9075p).

Edinburgh Industrial 0.1p payment

Edinburgh Industrial Holdings is returning to the dividend list with an interim payment of 0.1p.

The company's interim dividend of 0.1p is payable on July 15.

Table with 2 columns: 1977, 1976. Rows include Investment Income, Underwriting, Motor, etc.

Brit. Syphon plans to invest more

The directors of British Syphon Industries are currently planning and profit in excess of their written-down book value of £1.05m.

The directors propose to incorporate an up to date valuation in the accounts for the year to March 31, 1977.

Table with 2 columns: 1977, 1976. Rows include Investment Income, Underwriting, Motor, etc.

WM. MORRISON SUPERMARKETS LIMITEI

Increased sales, profits and dividend-growth continues in current year

The 37th Annual General Meeting was held on June 21, 1977, at the headquarters of the company.

Table with 2 columns: 1976-77, 1975-76. Rows include Turnover, Taxation, etc.

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION World Value of the Dollar

CARR'S MILLING INDUSTRIES LTD Interim Statement

Farnell Electronics Increase in dividend for current year following 1 for 4 Rights Issue

Bowthorpe sees higher profit

REPORTS TO MEETINGS

Atkins Bros. up to £0.51m.

Saatchi Compton 24% rise

BIDS AND DEALS

European Ferries sells £15m. portfolio

European Ferries yesterday shed in its acquisition of British and Canadian investments...

Yesterday Fodens' shares were standing 4p higher at 46p on the London stock exchange...

CHARRINGTONS PURCHASE

Charringtons Industrial Holdings has agreed to purchase from Western Motor Holdings the shares and loan capital of Alfred Bell for some £1.1m...

GARNER SCOTBLAIR

By June 1, Garner Scotchblair had received acceptance in respect of 493,325 Ordinary shares...

FODEN TURNS DOWN R-R

The directors of Fodens yesterday gave a formal thumbs down to last week's £3.4m takeover bid from Rolls-Royce...

REABROOK TRUST

Reabrook Investment Trust has formed a new subsidiary, Slathex, to invest in unquoted securities...

CAIRD (DUNDEE)

The listing of Caird (Dunfermline) has been temporarily suspended at 35p at the company's request...

SHARE DISCLOSURES

Scottish and Universal Investments—On May 27 ACGE Investments bought 54,600 Ordinary shares...

W. H. Smith and Son (Holdings)—Mr. Julian David Smith, a director, has ceased to be interested in his capacity as a trustee in 4,814 "A" ordinary shares...

Kaduna Syndicate—Selkwe Gold Mining and Finance Company bought 34,600 Ordinary shares at 14p on June 1, 1977...

PURBECK SAYS NO TO SINGLO—Purbeck Group has rejected a bid for 25 per cent. of the Ordinary shares and subordinated loan stock of Sprlewood...

London and Lennox Investment Trust—Mr. R. F. Denholm, a director, has increased his beneficial holding in the company to 11,149 Ordinary shares...

United Breweries (Holdings)—Mr. H. Loring, the chairman, has reduced his trustee interest by 100,000 Ordinary shares...

Grainfield Property Company—Barings Bankers has increased its holding in the company to 11,149 Ordinary shares...

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MINING NEWS

Agnico-Eagle expects a better year

After having suffered a net loss of \$21.3m. (\$9.7m) last year as a result of the lower gold prices, Canada's Agnico-Eagle looks for better things in 1977...

CORNISH SEEK GRANTS AID

The Cornish Chamber of Mines is trying to persuade the Government to resume the payment, at least in part, of Regional Development Grants to the mining industry...

CRA BREAKS OFF JENNINGS TALKS

Plans for Cornish Rio Tinto of Australia to build up a presence in the Western Australian beach sands industry have been restricted by the group's announcement that it will not proceed with any development of the Jennings Industries deposits...

SASKATCHEWAN'S URANIUM PROBE

Another Canadian gold producer, Camflo Mines says that its earnings outlook has improved considerably thanks to higher bullion prices and sharply increased revenue from natural gas...

Camflo Mines

Another Canadian gold producer, Camflo Mines says that its earnings outlook has improved considerably thanks to higher bullion prices and sharply increased revenue from natural gas...

Little change at Bunter and Lumb

As reported on May 19, pre-tax profit for the year ended April 3, 1977, was £1.44m compared with £0.66m...

Amalgamated Power optimistic

In his annual statement Mr. H. A. Whitall, the chairman of Amalgamated Power Engineering, says it is too early to make a forecast for 1977...

Amalgamated Power optimistic

No interim dividend is to be paid (1.75p net per share) and the directors say that payment of a final will be considered in the light of the full-time results...

MONEY MARKET Interest rates easier

Bank of England Minimum Lending Rate 8 per cent. (since May 13, 1977) and period interest rates generally easier in the money market yesterday...

Table with columns: Starting rate, Interbank, Local Authority, Finance, Company, Deposits, etc.

Dartmouth falls slightly to £255,643

Heating engineers, Dartmouth Investments reports a slight fall in pre-tax profits for the year ended March 31, 1977...

Table with columns: Starting rate, Interbank, Local Authority, Finance, Company, Deposits, etc.

Andelsbanken A/S Copenhagen

U.S. \$30,000,000 Floating Rate Capital Notes Due 1984

Large table listing various banks and financial institutions under the heading 'Andelsbanken A/S Copenhagen'.

amalgamated power engineering limited

MANUFACTURERS OF STEAM TURBINES, DIESEL ENGINES, COMPRESSORS, GEARS, PUMPS & VALVES

Record Profits and Rights Issue

Financial Summary table with columns: Year to 31st December, 1976, 1975.

of the Report and Accounts containing the statement by the Chairman, Mr. H. A. Whitall, may be obtained free of charge from the Secretary, Amalgamated Power Engineering Limited, Colmore Centre, 115 Colmore Row, Birmingham B3 3SA.

Hall Bros. Steamship

Including a full year's expenditure on repairs and surveys, Hall Brothers Steamship Company has reported a profit of £22,607 against a pre-tax profit of £22,607 for the year ended February 28, 1977...

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Brokers in bid to quash SEC proposal

By John Wyles.

NEW YORK, June 2. A BROAD coalition of 19 brokerage and investment banking firms has launched a determined bid to defeat a Securities and Exchange Commission proposal to develop shore trading on the floor of the New York Stock Exchange.

To-day's report by Kaufhof, the Federal Republic's second largest department store group, provides ample support for both assumptions.

Kaufhof, it must first be stated, has performed by no means badly, all things considered. Profits were heavily down last year, but the group is maintaining its 20 per cent dividend for the seventh year in a row and home shareholders are likely to receive the equivalent for 1977 if things go according to plan.

However, sales showed very little improvement and all indications are that the West German consumer will still be carefully counting the pennies. At the same time, the foreign shareholder will start to feel the draught caused by corporation tax reform.

The Federal Republic's corporation tax reform has given West German shareholders a very good break at the expense of the foreign shareholders. Until the new tax regulations came into force this year, home shareholders were at a disadvantage as dividend income was subject to double taxation.

First, corporation tax was levied at the rate of 24.56 per cent, and then the shareholder had to include the dividend payment in the normal income tax returns. Under the new system, the tax on retained profits has been increased from 51 per cent to 53 per cent, while tax on distributed profits has been raised to 36 per cent.

This is no problem of oil for the West German shareholder who is now allowed to offset tax on dividends against income tax. But the foreign shareholder is facing the prospect, not only of reduced gross payouts as West German companies adjust to the new legislation, but also the fact that, although tax on dividends has increased, the rate on dividends has also increased. Companies have made representations against this and the

GERMAN TAX REFORM

Foreign holders bear the brunt

By GUY HAWTIN IN FRANKFURT

THE CURRENT year is likely to be a thin one for foreign shareholders in West German companies. The current line is that they can see no way of easing the foreign shareholders' tax burden except through agreements against double taxation on a bi-lateral basis. Meanwhile company chief executives here are contenting themselves by pointing out that West German shares are still very attractive buys for foreign investors.

Until recently it has been hard to estimate the degree to which dividends will fall. There has been speculation for instance about the probable reduction in the dividends likely to be paid by the major banks, but little in the form of concrete comments has been forthcoming.

Kaufhof, however, to-day pointed out that the corporation tax reform would mean a cut in the actual dividend payout. But it was stated that domestic shareholders would effectively receive an unchanged dividend with a 15 per cent payout and that this would be possible if earnings recovered to the 1975 level. No forecast for 1977 was made, but it is obvious that foreign shareholders can look forward to a heavy real decline in income.

Therefore, for the foreign investor, the current year's prospects for the retailing sector are distinctly unappealing. Kaufhof has set itself the target of pushing up current turnover over to DM7bn. (£1.73bn.) during the current year, but this presupposes, it would seem, a growth rate not much superior to last year's 3.7 per cent, which took the company's turnover up to DM6.93bn.

Profits in 1976 fell by 30 per cent from 1975's DM90.5m. to DM63.2m., although after allowing for exceptional factors that real decline was only 20 per cent. The drop in profitability was quite marked, with earnings per square metre down 1 per cent to DM7.615.

Kaufhof's smaller rival, Horten, described 1976 as the West German department stores' "blackest year". Horten's turnover rose by a nominal 0.3 per cent from DM3.65bn. to DM3.66bn., but its real terms were a decline in sales. Net profits fell from DM1.40m. to DM1.2m., and the dividend was reduced from the previous year's 14 per cent to 10 per cent. Trade, Horten reported, had become even more difficult in 1977 but there were hopes of an improvement in the second half which is as much comfort as any store group is prepared to offer.

Mannesmann keeps its cool

By ADRIAN DICKS

DUSSELDORF, June 2.

MANNESMANN, the West German steel pipe, machine tool and industrial plant construction group, reported a drop in turnover of 7 per cent to DM2.36bn. during the first quarter (1976 DM2.54bn.). This followed a 10 per cent fall in the group's turnover during 1976 from DM12.09bn. in 1975 to DM11.79bn.

World-wide operating profit dropped by nearly half, from DM599m. to DM302m. last year, but the company is proposing a DM7 per DM50 share dividend for last year, and Herr Egon Overbeck, the chairman, said here that last year's disappointing results must be placed in context. There had been a decline in most areas of the group's business, and in these circumstances Mannesmann could feel some satisfaction that it had through steady structural evolution been able to withstand a difficult year in relatively good shape. Herr Overbeck said it was more accurate to compare 1976 with 1974 (turnover: DM12.4bn.) rather than with the exceptionally good year of 1975. The year 1977 as a whole could be expected to show a "perfectly normal" result, though the chairman made clear that he was not predicting any increase in profits. The positive sign of the current year so far has been a 15 per cent increase in production of large pipe, and an improvement in the order position in some branches of machinery and machine tool building—though Demag, the largest of Mannesmann's subsidiaries in this sector, reported an 8 per cent decline in new orders compared with the first quarter of 1976, with export interest especially weak.

Herr Overbeck did not conceal the fact that 1976 had proved even worse than the 1975. Board's expectations. Pipe production, at 2.5m. tons, was the lowest in five years, while turnover was down in virtually every branch. Some

2,600 workers are currently on short time, mainly in the steel-making division, and this figure is expected to be roughly doubled. Work in hand varies between three and eight months. Mannesmann is hopeful of securing several large new orders, however, including one of up to 500,000 tons of pipe for a projected natural gas pipeline from Mexico to the U.S., a similar sized contract for the planned Canadian U.S. Arctic gas line, and a smaller contract with Algeria. In addition, the company is hopeful of new orders from the Soviet Union, with which it has long done major business.

Given the longer term prospects for large pipe, Herr Overbeck said, Mannesmann felt it was right to have roughly doubled its new plant to produce such pipes at Muelheim. This accounted for the lull's share of the company's domestic new investment last year.

Japan's shipyards will 'do badly' this year

By DOUGLAS RAMSEY

TOKYO, June 2

JAPAN'S SHIPBUILDERS were crying wolf last year by the looks of their 1976 results. Most leading companies have reported record sales and profits. Only Mitsubishi Engineering and Shipbuilding did much worse with a 34 per cent drop in net profit. Not surprisingly, the 1977 reports have been couched in lengthy press releases which make the point that Japan's shipyards will do badly in 1977. The Japan Ship Exporters' Association, meanwhile, said yesterday that the backlog of ship orders had fallen 45 per cent in the last 13 months to about 11.6m. gross tons on April 30.

It is hard to tell just how well Japan's shipbuilders did in 1976 because the leading companies depend for only a portion of their sales on ships. At the biggest, Mitsubishi Heavy Industries, that dependence fell slightly to 38 per cent last year, so other heavy machinery is largely responsible for the company's 13.5 per cent increase in sales to ¥1,230bn. (MHI reports that its ship and iron works sales were up 3.7 per cent in the period). At Ishikawajima Harima Heavy Industries (IHI), sales were up 11.4 per cent to ¥986bn. but the ship component of sales rose from 37 to 45 per cent of overall sales (mostly on the strength of exports which were up 62 per cent). At Mitsui

Engineering and Shipbuilding, ship sales rose to ¥1,724bn. (up 18 per cent) but failed to keep Mitsui's total sales from declining 2.4 per cent to ¥255.5bn. This boosts Mitsui's reliance on ship sales to well over the previous 54 per cent.

Ishikawajima Harima Engineering, which depends for about 50 per cent of its sales on ships, kept an even keel in 1976 with its 1 per cent rise in sales to ¥332bn. The two other leading shipbuilders, Kawasaki Heavy Industries and Nippon Kokan, depend less on ships for annual sales (30 per cent at Kawasaki, 10 per cent at Nippon Kokan). Nevertheless, Nippon Kokan's ship sales declined by 2.8 per cent, while at Kawasaki they rose slightly but not in keeping with the overall 10 per cent increase in sales to ¥540bn. for 1976.

Sales at the shipbuilders were record highs except for Mitsui and Nippon Kokan's ship division. Mitsubishi boosted net profit from ¥15bn. to ¥17.6bn., a rise of 21 per cent. The company points out, though, that current profits were up more than 50 per cent for the year. IHI also boosted current profits by nearly 50 per cent, and its net earnings were up 22.5 per cent to ¥1,717m. Meanwhile, Kawasaki did similarly on both profits

accounts, with its net rising 31 per cent to ¥136m. for the year, and current earnings 51 per cent. But for sheer increase, Hitachi did best in 1976 with a 85 per cent increase to ¥5.3bn., although the company did marginally worse than competitors with a 43 per cent rise in current earnings.

Mitsui, alone, seems to have done poorly in 1976. Net earnings fell by 34 per cent to ¥209m. and this despite the 18 per cent rise in ship sales. The company blames the abiding on a Middle East plant contract which insisted that the drop was expected because of bloated profits in 1975. But neither would explain the company is now growing an even worse year in 1977 with stagnant sales and a 45 per cent drop in current earnings. Other shipbuilders have plunged because of bloated profits in 1976, but Mitsui where they are by 33.7 per cent on a year-to-year basis. Mitsui's 1977 forecast better sales and profit than 1976. For sure, all the shipbuilders are hurting in 1977, but things will get worse in 1978. Order backlogs have plunged most of the yards, notably Hitachi where they are up by 33.7 per cent on a year-to-year basis. Mitsui seems to have weathered this trend, with ship-order books virtually unchanged and still accounting for 55 per cent of the company's total order. (25 per cent at Hitachi, 33 per cent at IHI, 10 per cent at Mitsui.)

CANADIAN NEWS

Brascan profit doubles to \$33m.

By JAMES SCOTT

TORONTO, June 2.

BRASCAN, the Toronto based investment management company whose principal subsidiary generates and supplies electrical energy in Brazil, and which also has major investments in a number of Canadian companies engaged in the petroleum, brewing and mining industries, reports a profit for the three months ended March 31 of \$33.2m. (U.S. dollars) or 1.24 a share compared with \$16.1m. or 52 cents a share a year earlier. Revenue increased to \$381.9m. from \$312.5m.

The improved profit resulted

mainly from the operations of subsidiary Light Services de Electricidade da Brazilian electrical company, which generated a profit of \$34m. up from \$26m. a year earlier. This resulted from the fact that the Brazilian rate was granted an average rate in crease of 36 per cent in January. In spite of this increase Brascan says the Government is not permitting the ability to charge rates that are high enough to adequately finance its activities and discussions are being held with the

Government for further rate increases. Brascan's Canadian operations did not fare as well during the first quarter of this year running a loss of \$700,000, a sharp drop from the \$1.7m. income into the red of \$1.7m. income from the Canadian natural resource investments showed a considerable improvement, but in lack of rainfall forced the Power Corporation to rely on power purchased from Ontario Hydro to supply its customers in Northwestern Ontario. This resulted in a loss for Great Lakes.

Brascan said it is changing its approach to dividend payments. Higher dividends should be distributed to holders of the common shares.

Sharp fall in Massey profit

STRICKS at its plants in England and France resulted in Massey-Ferguson of Toronto reporting a dramatic reduction in profit for the six months ended April 30 to \$85.52m. or 25c a share, down from \$331.4m. or 2.51c a share in the corresponding period a year earlier. Revenue totalled \$1.15bn. dollars compared with \$1.21bn.

In addition to the work stoppages in England and France production was disrupted at many of its plants in North America and Europe because of the introduction of new products. Cutbacks were also necessary at its Brazilian plant to reduce the backlog of farm machinery caused by a temporary constraint on farm credit in that country.

Still buoyant at SIA

By H. F. LE

SINGAPORE, June 2.

LIVING up its reputation as Asia's most successful airline, Singapore Airlines (SIA) has again reported another buoyant year with profits significantly higher.

Gross operating surplus for the year ended March 1977 rose 120 per cent to \$569m. This was achieved through a 34.8 per cent increase in operating revenue to \$1,586.7m. against a slower expansion of 18 per cent to \$576.8m. in operating expenditure.

At the after-tax level, net profit amounted to \$528m., 4 per cent higher than the previous year.

SIA attributed the wide difference between the operating surplus and the after-tax profit to a number of factors, some of which are non-recurring. Apart from taxation which

took up \$17m. a major item was increased depreciation charges of \$82.8m. as a result of the company's decision to accelerate depreciation on its Boeing 747 aircraft.

Another major item was \$514m. for arrears due from the increase in the cost of provisions for overhaul of the Boeing 747 JTUD jet engines. Overhaul cost has increased by almost 100 per cent to \$51,000 per aircraft hour. There was also net finance charges of \$520m., nearly \$35m. more than the previous year.

SIA also disclosed that its available capacity rose by 19.1 per cent to 1,207m. capacity tonne-kilometres while traffic carried increased at a faster pace of 23.1 per cent to reach \$38m. revenue tonne-kilometres.

Hong Kong to probe dealings

By Daniel Nelson

HONG KONG, June 2

HONG KONG'S Securities Commission today said that "some form of examination" would be held into share dealings in connection with the proposed for the colony's biggest ever, new exchange between Hutchison International and Hong Kong's Whampoa. About 1.3 million shares of Hutchison shares, held by hands on the day before announcement.

The controversy over the deal will almost certainly lead to support for the change of legislation on insider trading. Illegal Commission is known to the attitude that ignoring encourages further shares of Bill Wylie, Chief of Hutchison, Chairman of Hong Kong and Whampoa director of China Overseas one of the dock company subsidiaries stressed because of the operation of the Group's own rules to be sure no Board member been trading. He welcomed inquiry.

Share dealings in the talks involved in the negotiations were suspended at their own request yesterday.

dealings in China Overseas as well as in City and Proper, continued. Three days ago, China Overseas told the Hong Kong Exchange that it was aware of any special reasons for rise in its share price yesterday that had not been involved in the merger. For several days before merger announcement Hutchison was planning rationalisation of its subsidiaries in Hong Kong and had done in Australia Europe.

The Republic of Nicaragua

US \$40,000,000

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MIL FINANCIAL AND COMPANY NEWS

WILL IF UROCURRENCY BORROWING

A fourth institution suggested

BY MARY CAMPBELL, EUROMARKETS EDITOR

THE ESTABLISHMENT of a fourth institution within the world Bank group to channel Eurocurrency funds to less developed countries (LDCs) is suggested in a 450 page study of Eurocurrency borrowing, published recently under the auspices of the OECD. The suggestion is made in the context of efforts to improve co-operation between official institutions such as the World Bank and private banks in their approach to third world debt and borrowing problems.

Indonesia, Colombia, India, Kenya, Nigeria and Singapore are divided into two groups—eager borrowers, and ambivalent borrowers in order to illustrate differing experiences of the market. The study explores a number of myths and also goes far to confirm many views widely held in the market. A myth exploded is the frequently asserted view that countries like India are not good enough credit risks to borrow openly in the Eurocurrency market.

MEDIUM TERM LOANS

Panama loans raise \$100m.

BY FRANCIS GHILES

THE REPUBLIC of Panama has raised its biggest ever medium term loan of \$100m. in equal instalments, one for five years carrying a spread of 1 1/2 per cent, the other for five years carrying a spread of 2 per cent. Proceeds are earmarked for 1977 portfolio of investments—1973 to 0.6 per cent, 1975.

Republic will find itself in if worldwide the price of sugar does not recover. Income from the Panama Canal tolls stood at \$134m. last year, one-third up on 1972 figures, but it goes to the U.S. which only pays an annual \$2.25m. for its use to Panama. Negotiations are in progress to work out a new Canal Treaty but are unlikely to be concluded this year.

Table with columns: BORROWING POSITION WITH THE IMF (in millions of SDR's), Total Available, Used. Rows include Gold Tranche, Credit Tranches, SDR Allocation, Oil Facility, Compensatory Financing Facility.

Provisional figures of GDP by sector show a decline in agricultural sector output from \$183.6m. in 1975 to \$152.6m. in 1976. Sugar is a major culprit. In response to higher world prices the Government sugar corporation saw its export earnings climb from \$3.5m. in 1971 to \$43.3m. three years later, only to slump to \$30m. last year as prices fell. Four mills are due to come into operation by the end of next year which will increase sugar export capacities threefold to 177,200 metric tons. These figures underline the serious financial straits the

SWISS BANKING A "good-repute" agreement

JOHN WICKS IN ZURICH

ABLE identification of clients and prevention of abuse of banking secrecy, are aims of an agreement concluded today by the Swiss Bank Association. The agreement, which comes into force on July 1 and will last for a period of five years, is intended to "maintain Switzerland's good reputation as a financial centre as well as to combat criminal and professional standards of good banking practice."

reasonably expected, the beneficial owner of the funds in question or the renter of the safe deposit. The banks also undertake not to transact any business to be known to them, that the sums entrusted to them for the purposes considered to be improper within the meaning of the agreement. If the client acts through a professional intermediary, the professional secrecy, or through a trustee the bank will call for a written statement from the intermediary that the owner is known to him, and that no improper transactions are involved. This statement can be dispensed with if the bank was able to assume that these pre-conditions are fulfilled. Also, no written statement is required for accounts and securities deposits of domestic and foreign banks. In case of doubt, a written statement will be required from a client as to whether an account or securities deposit is to be opened for his own account or for that of a third party; in the latter case he will be asked to identify the party involved. Where domestic or foreign companies are involved which have been "registered merely to

establish legal domicile" banks will call for commercial-gazette or similar identification of the company in question and, if this is not already known, details of corporate structure or identity of controlling individuals. In respect of existing customers, holding accounts and/or securities deposits in excess of Sw.Fr.1m. the identification requirements are to be fulfilled by July 1, 1977. Another important section of the agreement is intended to counter the aiding and abetting of capital movements, evasion and similar transactions. Here, the banks undertake not to act as agent in any actual or potential transfers from countries with legislation restricting the movement of sums abroad. U.S. authorities were generally reluctant to comment on the new Swiss Convention, reports our New York staff. The Securities and Exchange Commission is the one U.S. agency which fairly regularly runs up against the curtain for secrecy erected by Swiss banks and an official there said he hoped that their attitude might now be a little more open than in the past.

Table with columns: BRAZILIAN ESTIMATES S.A., of Asset Value per Ordinary Share as at 31st May, 1977. Rows include U.S.\$89.66, The London Stock Exchange.

Property moves in Holland

By Quentin Guiridiam

BRITISH estate agent Richard Hills has in London yesterday that it, Amsterdam office had acted for a consortium of local private investors in acquiring a major property portfolio from the Government savings bank of the Netherlands, the Rijksopspaarbank. Value of the portfolio was put at around £200m. (Fl. 1,000 m.). This would rank as one of the largest property portfolio sales in Europe during the past three years.

The properties concerned include a 6,000 square metre office building in Amersfoort, a shopping centre in Breda, and a residential centre totalling 350 houses and 1,250 apartments spread throughout the country. The Dutch property market has shown relative stability during the last year, with continuing interest from institutions in buying prime investments. But the size of this transaction is exceptional, as is the presence of a British agent in co-ordinating a deal between two Dutch parties.

Profits up at MAIBL

By Michael Standen

MIDLAND AND International Banks (MAIBL) report net profits after tax and transfers to reserves of £2.2m. for the year to end March 1977. The Bank, which is the oldest of the London consortium banks, is also increasing its share capital from £10m. to £15m. by a scrip issue to the banks that are its shareholders. MAIBL is transferring £2m. from its larger and undisclosed reserves to published reserves. It is then capitalising £5m. of its reserves by issuing shares on a one-for-two basis to the shareholders. These are Midland Bank with 45 per cent, International Bank (28 per cent), Standard Chartered Bank (10 per cent), and Commercial Bank of Australia (10 per cent.). Lord Armstrong, the chairman, reports that the Bank's assets are transferring £2m. compared with £790m. in the previous year of which \$49m. was used in terms of lending. He reports that profits so far this year have run ahead of last time and looks forward to another satisfactory result.

American Airlines

AMERICAN AIRLINES has reported net earnings of \$7.2m. on 22 cents a share in April, its highest-ever April earnings. In the same month last year, it has net earnings of \$5.2m.

Table with columns: SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS. Rows include various bond types and prices.

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WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES
Index dips 3.4 on lack of support Pound steady

BY OUR WALL STREET CORRESPONDENT

FURTHER EARLY firmness lacked follow-through support on Wall Street today, and the Stock Market resumed its downward trend with inflation fears again the chief market factor. After opening a further 3.30 pt at 909.55, the Dow Jones Industrial Average reacted to 803.15, for a net loss of 3.40. The NYSE All Company Index dipped 9 cents to 552.88, after rising 8 cents to 553.05, while losses and gains were about equal at 698-to-688. Trading volume expanded 500,000 shares to 18.6m.

Analysts said the brief recovery was followed by indications that the Federal Reserve would hold the line on credit policy after a recent tightening that drove interest rates higher. However, they said investors continued uncertain about the economic outlook for the second half year, rising inflation and the likelihood of further interest rate increases later in the year.

Late in the session, the Commerce Department reported that Retail Sales in the latest week were unchanged from a week earlier. Last week's sales were up 10 per cent from the year-earlier week but trailed the 11 per cent, average year-to-year gain of the four most recent weeks. Twentieth Century-Fox were active and up \$1 to \$184, reflecting interest in its success of its new movie "Star Wars".

OTHER MARKETS

PARIS - Mainly steady after regaining early falls in thin trading. Banks, Constructions and Foods were mixed, while Engineering, Motors and Public Works were slightly firmer. Stores were strong. U.S. stocks were firm, Germans and Dutch issues easier, while Golds were well maintained. GERMANY - Weakness in nervous trading despite the prospect of a settlement to the Rhineland-Palatinate chemical workers dispute.

Some Oils and Related issues as well as Chemical stocks came under pressure. Exxon stock fell under pressure from a 100 to 100. Continental Oil \$1 to \$32, Atlantic Richfield \$1 to \$57, Mobil \$1 to \$64 and Schlumberger \$1 to \$62. The American SSE Market Value Index was down .06 to 112.25. Canada mixed Prices on Canadian Stock markets showed no clear trend in light trading yesterday.

By the political and economic uncertainty. Banks were narrowly mixed, while Insurance, Finance and Consumer Goods were steady. Financials were narrowly mixed. Swissair put on Fra.10 to 609 on "good" buying.

Dollar stocks firmed slightly in generally light volume, Dutch Internationals were barely steady, while Germans fell. AMSTERDAM - Slightly firmer in quiet trading, although in Dutch Interbank, Finance and Royal Dutch stock, Fra.0.50 and Fla.0.50 respectively.

Most Banks, Trading and Industrial stocks rose. Shipping, U.K. stock were quiet. Germans fell, while the exception of KNSM, while KLM also rose Fla.1.50 to Fla.106.5.

Insurance were mixed. State Loans improved. BRUSSELS - Quietly mixed, with losses slightly outweighing gains among major Belgian stocks.

Hoogovens were firm in otherwise little changed Dutch issues. Other issues were mixed. Gold and Canadian issues. Gold Mines were generally firm and American issues rose.

MILAN - Stocks eased to 22-year lows in thin dealings, with market nervousness accentuated by copper and platinum were dull and generally at previous levels.

Industrials were steady in featureless trading. AUSTRALIA - Firmer but below day's highs, with Uranium stocks firm.

Peko-Wallsend rose 14 cents to \$48.95, while Pancontinental gained 70 cents to 11.20. BHP fell on 2 cents to 6.72, while BHP-Billiton rose 10 cents to 21.50.

Notes: Overseas prices shown below exclude a premium. Relative dividends are shown in parentheses. Dividend yields are shown in parentheses. Dividend yields are shown in parentheses.

any fund action, the results of which slightly disappointed some operators. The metal fell \$2 to \$141-142.



SPECIAL DRAWING RIGHTS RATES

Table with columns for currency, June 2 rate, and June 1 rate. Includes entries for Sterling, U.S. dollar, Deutsche Mark, etc.

EXCHANGE CROSS-RATES

Table showing exchange rates for various currencies including Frankfurt, New York, Paris, Brussels, London, Amsterdam, Zurich, etc.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for various currencies and terms, including Sterling, U.S. Dollar, Canadian Dollar, etc.

FORWARD RATES

Table showing forward rates for various currencies and terms, including New York, London, etc.

THURSDAY'S ACTIVE STOCKS

Table listing active stocks on Thursday, including Dow Chemical, Twentieth Century-Fox, etc.

INDICES

Table showing various indices including Industrial, Home Furnishings, Transportation, Utilities, and Trading Volume.

NYSE ALL COMMON

Table showing NYSE All Common stock prices and changes for June 2, 1, and 31, 1977.

MONTREAL

Table showing Montreal stock prices and changes for June 2, 1, and 31, 1977.

TORONTO

Table showing Toronto stock prices and changes for June 2, 1, and 31, 1977.

JOHANNESBURG

Table showing Johannesburg stock prices and changes for June 2, 1, and 31, 1977.

RISES AND FALLS

Table showing rises and falls in various markets including Issues Traded, New Highs, and New Lows.

INDICES AND BASE DATA

Table showing indices and base data for various countries including Australia, Belgium, Denmark, France, Germany, Holland, Hongkong, Italy, Japan, and Singapore.

CANADA

Table showing Canadian stock prices and changes for various companies like Albitri Paper, Alcan, etc.

OVERSEAS SHARE INFORMATION

Large table listing overseas share information for various companies across different regions, including New York, London, etc.

INVESTMENT PREMIUM

Investment premium based on \$2.60 per £1=164% (120%)

AMSTERDAM

Table showing Amsterdam stock prices and changes for various companies like Albitri Paper, Alcan, etc.

COPENHAGEN

Table showing Copenhagen stock prices and changes for various companies like Albitri Paper, Alcan, etc.

MILAN

Table showing Milan stock prices and changes for various companies like Albitri Paper, Alcan, etc.

VIENNA

Table showing Vienna stock prices and changes for various companies like Albitri Paper, Alcan, etc.

GOLD MARKET

Table showing gold market prices and changes for various locations like London, New York, etc.

FOREIGN EXCHANGES

Table showing foreign exchange rates for various currencies and locations.

OTHER MARKETS

Table showing other market prices for various commodities and currencies.

FORWARD RATES

Table showing forward rates for various currencies and terms.

OSLO

Table showing Oslo stock prices and changes for various companies.

JOHANNESBURG

Table showing Johannesburg stock prices and changes for various companies.

PARIS

Table showing Paris stock prices and changes for various companies.

STOCKHOLM

Table showing Stockholm stock prices and changes for various companies.

SPAIN

Table showing Spanish stock prices and changes for various companies.

FARMING AND RAW MATERIALS

Brazil soya export tax attacked

SAO PAULO, June 2. F. STANDSTILL in Brazil's soya exports is greatly concerning traders. Sr. Sinalva, the Governor of Rio de Janeiro, the leading soya producing state, has recently travelled to Brasilia to discuss the problem with the Federal Government.

Jubilee holiday brings egg price cut

BY OUR COMMODITIES STAFF

THE QUEEN'S Jubilee celebrations are to bring an accidental bonus for housewives and a further blow for egg producers in the form of a 3p a dozen price cut on all grades.

three weeks and warned that it would take all producers "firmly into the red." Many could be losing 8-10p on each dozen sold, it said.

Goldenley said recent financial losses had forced producers to cut prices of their older hens and once the resulting cut in output works through to the market "prices must get dearer."

French halt TV ads for coffee

By John Edwards, Commodities Editor

THE FRENCH Government suspended coffee advertising on television for three months from Wednesday because of the damage done by coffee imports to the country's balance of payments.

U.K. AGRICULTURE

Spring a little later this year

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

BEING RIGHT is one of life's most satisfying experiences. In this column on March 25 I forecast that because the wind was easterly on the 21st, it would be until June 21 and the implication was that we would have a bad spring.

in the soil. On retentive soils a last winter's heavy rainfall must have made for better root development than after the exceptionally dry winter last year.

This is a worrying time for a grain farmer. Every morning the BBC farming news contains official warnings about crop disease and the growth stages at which they should be treated.

Sugar pact talks failure was tragic

Our Own Correspondent GEORGETOWN, May 31. FRANK NOEL, who led the delegation during the two weeks of the sponsored International Conference, has blamed big countries for the failure to produce a new national sugar agreement.

Silkin certain pig aid on way

BY CHRISTOPHER PARKES

MR. JOHN SILKIN, Minister of Agriculture, is confident that next week the Common Market Commission will announce a scheme to help British pig farmers.

Minister said he was "absolutely certain" that such a scheme would be announced next week. Our pig farmers will not be left in the lurch, Mr. Silkin said.

confronted by angry farmers at the show, but his visit started quietly. Most observers had expected an announcement from the EEC next week.

Japanese buying slows copper slide

By Our Commodities Staff

JAPANESE buying interest helped slow a fall in copper prices on the London Metal Exchange yesterday morning when the market had been expected to open lower.

Lower output on Scottish farms

BY OUR COMMODITIES STAFF

SCOTLAND produced 264,666 tons of agricultural produce during the 1975-76 season—£162m, more than in the previous year. But the rise was almost entirely attributable to increased prices.

fell, and the wheat plantings at 26,000 hectares were the lowest ever. The potato crop rose 10 per cent to 34,000 hectares—the highest since 1973.

There was also a 1 per cent fall in sheep, the total flock to 7,478,000 head. But the pig herd, in step with the cycle, rose sharply. The number of pigs in the country increased 7 per cent. The breeding herd alone went up by 5 per cent.

COMMODITY MARKET REPORTS AND PRICES

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for BASE METALS, COPPER, and LEAD.

COCOA

Table with columns for COCOMO, UNIT, and PRICE. Includes sections for COCOA and RUBBER.

SUGAR

Table with columns for SUGAR, UNIT, and PRICE. Includes sections for SUGAR and WOOL FUTURES.

PRICE CHANGES

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for PRICE CHANGES and SUGAR.

U.S. Markets

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for U.S. Markets and GOLD.

Gold falls as sugar holds steady

NEW YORK, June 2. COFFEE closed little down in pools in a continued lack of physical support. Cocoa closed flat on speculative short-covering.

M.L. Doxford & Co. Ltd. Commodity Brokers. require experienced Commission Agents and Traders. Write with full details of previous experience to: N. Peto, Esq., M.L. Doxford & Co. Ltd., 10 St. James's Street, London SW1A 1EF

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA. PREFERENCE DIVIDEND. The Anglo American Corporation of South Africa (Incorporated in South Africa) has a preference dividend of 10% payable on June 30, 1977.

Wool Futures. LONDON—unchanged to slightly better in futures markets reports. Australian Wool—unchanged to slightly better.

MEAT/VEGETABLES. MEAT COMMISSION—average livestock prices at representative markets June 2.

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STOCK EXCHANGE REPORT

Small technical rally but no enthusiastic buying
Share index up 6.0 at 454.6—British Funds harder

Account Dealing Dates
First Declared Last Account
Dealing Days Dealing Day
May 23 Jun 9 Jun 10 Jun 21
Jun 13 Jun 23 Jun 24 July 5
Jun 27 July 7 July 8 July 19
New time dealing may take place
from 9.30 a.m. on business days earlier.

little impetus on disappointment
with the latest U.K. official re-
serves but took heart later from
the Public Sector Borrowing Re-
quirement, which was slightly
better than expected. Although
trading was described as unexcit-
ing in the run-up to the long
Jubilee holiday, continued demand
for the variable coupon, Treasury
1981, saw the Government broker
withdrawing his selling price of 98 1/2
for supplies of the stock; he was
not tested at 98 1/2. Finally, gains
extending to 1 in the shorts
tepered to 1 in the ultra longs
and Irredeemables, which traded
very quietly. The new tap,
Treasury 1 1/2 per cent 1981, will
make its debut to-day, but it
will be a major surprise if any
real interest develops in the stock.
Corporations came into their own
trade on a further phase of volun-
tary wage restraint. The poor
set of May reserve figures were a
result of an apparent easing tendency
in the money markets, usually con-
nected with business on Fer-
Eastern account, coupled with
offerings of premium related to
the forecast of an upsurge in indus-
trial investment next year.

Developments hardened 3 to 5 1/2
and F. J. C. Lilley 2 to 5 1/2.
ICI made progress in this trad-
ing to finish 6 higher at the day's
best of 39 1/2. Hickson and Welch
gained 1 1/2 to 5 1/2 in response to
highly satisfactory first-half figures
and improvements of around 3
were seen in Fisons at 56 1/2 and
Reveret at 57 1/2.
Grand Metropolitan provided
the local pop for Hotel and
Caterers, finished a penny better
at 79 1/2, after 80 1/2, following

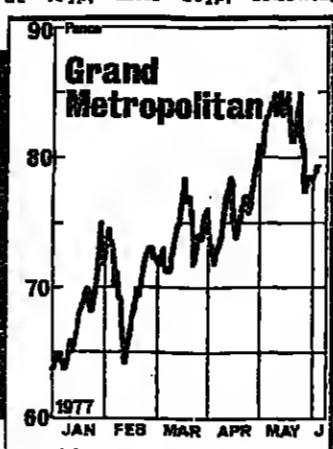
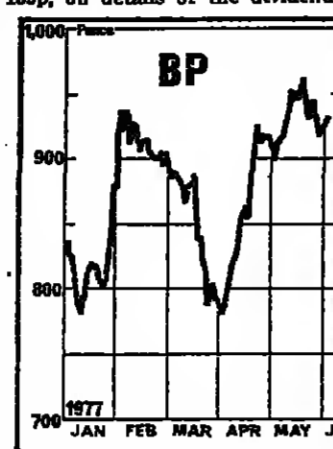
Foods were generally better
where changed. Bejans improved
to 10 1/2, while renewed specula-
tive attention left Avana a penny
firmer at 30 1/2 and J. Binby 3
higher at 12 1/2. Cavendish moved
up 3 to 13 1/2. Carr's Milling
finished a penny better at 4 1/2
following the interim statement.
Grand Metropolitan provided
the local pop for Hotel and
Caterers, finished a penny better
at 79 1/2, after 80 1/2, following

lowing the Board's letter to share-
holders criticising the offer from
Rolls-Royce as completely un-
acceptable; Rolls-Royce closed 1 1/2
harder at 67 1/2. Elsewhere, Dunlop
finished 2 better at 10 1/2 and
Lucas Industries to the good at
30 1/2. Reliant Motor hardened 2
abide on further consideration
of the trading recovery and
closed at 7 1/2. A premium of 6
over the recent 1 1/2 per share
cash offer from J. F. Nash Secur-
ities Western Motor were marked
up 5 to 42 1/2 in a restricted mar-
ket on the announcement that
Charringtons Industrial Holdings
is buying the company. A 20
subsidiary in a £1.1m. deal.
Lookers edged up 1/4 to 39 1/2, but
Manchester ahead 1 1/2 to 17 1/2 and
H. and J. Quick eased 2 to 24 1/2.

North Sea oil enthusiasm faded
on more of Thomson, which
improved 1 1/2 to 55 1/2 in News-
papers, where Daily Mail A was
3 to the good at 27 1/2. Still await-
ing the improvement of a penny to
the Evening Standard situation.
Beaverbrook A edged forward a
fraction to 4 1/2, while comment
on the record profits helped East
Midland Allied Press A improve 2
more to 4 1/2. In Paper/Printing,
Cutter Guard Bridge reflected the
return to profitability with an im-
provement of a penny to 23 1/2
after 23 1/2. Satchell and Seatchell
Compton were a like amount
dearer at 7 1/2 on the interim re-
sults.

Conas Fabrics hardened 2 to 7 1/2
on the full report in Textiles
where Courtaulds and Verone
both finished 3 better at 17 1/2 and
46 1/2 respectively. Hiltworth
Morris were noteworthy for a rise
of 4 to 28 1/2, while other firm spots
included Total, 1 1/2 harder at
4 1/2, and Parkdale A, a better
firmer at 38 1/2 when, at the com-
pany's request, dealings were
suspended pending a further
announcement by the anti-
smoking lobby to impose fresh
curbs on the industry caused
initial weakness in Tobacco
which subsequently rallied and
closed little changed.

Anglo American closed 5 easier
on balance at 24 1/2, after 25 1/2.
Lack of interest left the
London-based Financials a few
pence off with the exception of
Rio Tinto-Zinc which hardened a
penny to 23 1/2, after 23 1/2.
The lower investment currency
premium affected prices of a
number of shares, which had no
abund in overnight Sydney
Melbourne markets. In
Uranium, Pancontinental drop
to 1 1/2 from 2 1/2, and Anglo-
Gold-Fields to 4 1/2 from 5 1/2.
The lower investment currency
premium affected prices of a
number of shares, which had no
abund in overnight Sydney
Melbourne markets. In
Uranium, Pancontinental drop
to 1 1/2 from 2 1/2, and Anglo-
Gold-Fields to 4 1/2 from 5 1/2.



FINANCIAL TIMES STOCK INDICES

Table with columns: Index, 1977, 1976, 1975, 1974, 1973, 1972, 1971, 1970, 1969, 1968, 1967, 1966, 1965, 1964, 1963, 1962, 1961, 1960, 1959, 1958, 1957, 1956, 1955, 1954, 1953, 1952, 1951, 1950, 1949, 1948, 1947, 1946, 1945, 1944, 1943, 1942, 1941, 1940, 1939, 1938, 1937, 1936, 1935, 1934, 1933, 1932, 1931, 1930, 1929, 1928, 1927, 1926, 1925, 1924, 1923, 1922, 1921, 1920, 1919, 1918, 1917, 1916, 1915, 1914, 1913, 1912, 1911, 1910, 1909, 1908, 1907, 1906, 1905, 1904, 1903, 1902, 1901, 1900.

HIGHS AND LOWS

Table with columns: Stock, High, Low, High, Low, 1977, 1976, 1975, 1974, 1973, 1972, 1971, 1970, 1969, 1968, 1967, 1966, 1965, 1964, 1963, 1962, 1961, 1960, 1959, 1958, 1957, 1956, 1955, 1954, 1953, 1952, 1951, 1950, 1949, 1948, 1947, 1946, 1945, 1944, 1943, 1942, 1941, 1940, 1939, 1938, 1937, 1936, 1935, 1934, 1933, 1932, 1931, 1930, 1929, 1928, 1927, 1926, 1925, 1924, 1923, 1922, 1921, 1920, 1919, 1918, 1917, 1916, 1915, 1914, 1913, 1912, 1911, 1910, 1909, 1908, 1907, 1906, 1905, 1904, 1903, 1902, 1901, 1900.

ACTIVE STOCKS

Table with columns: Stock, Denomina- No., Closing price, Change, 1977, 1976, 1975, 1974, 1973, 1972, 1971, 1970, 1969, 1968, 1967, 1966, 1965, 1964, 1963, 1962, 1961, 1960, 1959, 1958, 1957, 1956, 1955, 1954, 1953, 1952, 1951, 1950, 1949, 1948, 1947, 1946, 1945, 1944, 1943, 1942, 1941, 1940, 1939, 1938, 1937, 1936, 1935, 1934, 1933, 1932, 1931, 1930, 1929, 1928, 1927, 1926, 1925, 1924, 1923, 1922, 1921, 1920, 1919, 1918, 1917, 1916, 1915, 1914, 1913, 1912, 1911, 1910, 1909, 1908, 1907, 1906, 1905, 1904, 1903, 1902, 1901, 1900.

NEW HIGHS AND LOWS FOR 1977

Table with columns: Stock, High, Low, 1977, 1976, 1975, 1974, 1973, 1972, 1971, 1970, 1969, 1968, 1967, 1966, 1965, 1964, 1963, 1962, 1961, 1960, 1959, 1958, 1957, 1956, 1955, 1954, 1953, 1952, 1951, 1950, 1949, 1948, 1947, 1946, 1945, 1944, 1943, 1942, 1941, 1940, 1939, 1938, 1937, 1936, 1935, 1934, 1933, 1932, 1931, 1930, 1929, 1928, 1927, 1926, 1925, 1924, 1923, 1922, 1921, 1920, 1919, 1918, 1917, 1916, 1915, 1914, 1913, 1912, 1911, 1910, 1909, 1908, 1907, 1906, 1905, 1904, 1903, 1902, 1901, 1900.

RECENT ISSUES

Table with columns: Issue, Price, Yield, etc.

"RIGHTS" OFFERS

Table with columns: Issue, Price, Yield, etc.

RISES AND FALLS

Table with columns: Stock, Rise, Fall, etc.

OPTIONS TRADED

Table with columns: Option, Price, etc.

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS, Thurs. June 2, 1977, Index No., etc.

FIXED INTEREST PRICE INDICES

Table with columns: Fixed Interest, Index No., etc.

History TODAY
Edited by Peter Quennell and Alan Hodge
In the JUBILEE NUMBER June 1977
QUEEN VICTORIA'S JUBILEES
Joanna Richardson
During the two Victorian Jubilees Britain
enjoyed an imperial grandeur which was
displayed in the Queen's celebrations.
ROYAL REVIEWS AT SPITHEAD
Geoffrey Bennett
The deep-water channel that leads into Ports-
mouth Dockyard has been the scene of naval
reviews by many monarchs since Henry VIII.
Other articles include:
ROYAL FAVOURITES IN SPAIN, by Douglas Hill;
THE END OF THE JAPANESE FLEET, by Albert
Vulliez, tr. Patrick Turnbull; THE DUCHESS OF
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AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Handwritten note: "offshore funds"

Table of Unit Trusts (left column), listing various trusts like Brown Shipley & Co. Ltd., Henderson Administration, etc., with their respective details.

Table of Unit Trusts (middle column), listing trusts like Practical Investment Co. Ltd., Provincial Life Inv. Co. Ltd., etc., with their respective details.

Table of Offshore and Overseas Funds (top right), listing funds like Fidelity Mgmt. & Res. (Gibb) Ltd., Australian Selection Fund NV, etc., with their respective details.

Table of Offshore and Overseas Funds (bottom right), listing funds like Kemp-Gee Management Jersey Ltd., Save & Prosper International, etc., with their respective details.

Table titled 'BASE LENDING RATES' showing interest rates for various banks and financial institutions.

Table titled 'MIDLAND BANK GROUP' listing various unit trusts and their details.

Table titled 'ABBAY LIFE ASSURANCE CO. LTD.' listing various insurance products and their details.

Table titled 'SOLAR LIFE ASSURANCE LIMITED' listing various insurance products and their details.

Table titled 'COMMODITY PRICE MOVEMENTS' showing price changes for various commodities like wheat, sugar, etc.

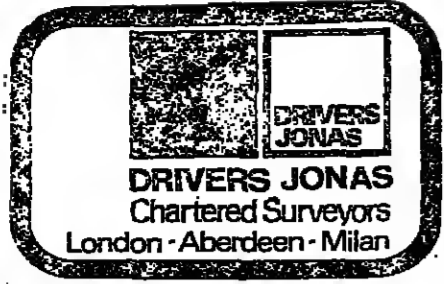
Table titled 'NATIONAL PRESIDENTIAL INV. MGRS. LTD.' listing various investment funds and their details.

Table titled 'ABBAY LIFE ASSURANCE CO. LTD.' listing various insurance products and their details.

Advertisement for 'CLAVE INVESTMENTS LIMITED' featuring 'INSURANCE BASE RATES' and 'CORAL INDEX: Close 452.457'.

INDUSTRIALS (Miscel)

FT SHARE INFORMATION SERVICE



BRITISH FUNDS

Table listing various British funds with columns for Stock, Price, and Dividend Yield.

CANADIANS

Table listing Canadian stocks with columns for Stock, Price, and Dividend Yield.

BUILDING INDUSTRY - Continued

Table listing building industry stocks with columns for Stock, Price, and Dividend Yield.

DRAPERY AND STORES - Continued

Table listing drapery and stores stocks with columns for Stock, Price, and Dividend Yield.

ENGINEERING - Continued

Table listing engineering stocks with columns for Stock, Price, and Dividend Yield.

BANKS AND HIRE PURCHASE

Table listing banks and hire purchase companies with columns for Stock, Price, and Dividend Yield.

CHEMICALS, PLASTICS

Table listing chemicals and plastics stocks with columns for Stock, Price, and Dividend Yield.

ELECTRICAL AND RADIO

Table listing electrical and radio stocks with columns for Stock, Price, and Dividend Yield.

ENGINEERING, MACHINE TOOLS

Table listing engineering and machine tools stocks with columns for Stock, Price, and Dividend Yield.

INTERNATIONAL BANKS

Table listing international banks with columns for Stock, Price, and Dividend Yield.

COOPERATION LOANS

Table listing cooperation loans with columns for Stock, Price, and Dividend Yield.

BEERS, WINES AND SPIRITS

Table listing beer, wine, and spirit stocks with columns for Stock, Price, and Dividend Yield.

CINEMAS, THEATRES AND TV

Table listing cinema, theatre, and TV stocks with columns for Stock, Price, and Dividend Yield.

FOOD, GROCERIES, ETC.

Table listing food and grocery stocks with columns for Stock, Price, and Dividend Yield.

CONCRETE AND AFRICAN LOANS

Table listing concrete and African loans with columns for Stock, Price, and Dividend Yield.

FOREIGN BONDS & SALES

Table listing foreign bonds and sales with columns for Stock, Price, and Dividend Yield.

DRAPERY AND STORES

Table listing drapery and stores stocks with columns for Stock, Price, and Dividend Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table listing building industry, timber, and roads stocks with columns for Stock, Price, and Dividend Yield.

HOTELS AND CATERERS

Table listing hotels and caterers stocks with columns for Stock, Price, and Dividend Yield.

AMERICANS

Table listing American stocks with columns for Stock, Price, and Dividend Yield.

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AMERICANS

Table listing American stocks with columns for Stock, Price, and Dividend Yield.

Large table on the right side of the page containing various stock listings and market data.

Handwritten text at the bottom center of the page.

Half price

INDUSTRIALS - Continued. Table listing various industrial companies with columns for Stock, Price, and % Change.

MOTORS, AIRCRAFT TRADES. Table listing motor and aircraft related companies with columns for Stock, Price, and % Change.

PROPERTY - Continued. Table listing property-related companies with columns for Stock, Price, and % Change.

TRUSTS - Continued. Table listing trust companies with columns for Stock, Price, and % Change.

TRUSTS - Continued. Table listing trust companies with columns for Stock, Price, and % Change.

NOMURA The Nomura Securities Co., Ltd. Advertisement for Japanese leader in international investment banking.

MINES - Continued. Table listing various mines with columns for Stock, Price, and % Change.

AUSTRALIAN. Table listing Australian companies with columns for Stock, Price, and % Change.

TINS. Table listing tin companies with columns for Stock, Price, and % Change.

MISCELLANEOUS. Table listing miscellaneous companies with columns for Stock, Price, and % Change.

COPPER. Table listing copper companies with columns for Stock, Price, and % Change.

RUBBERS AND SISALS. Table listing rubber and sisal companies with columns for Stock, Price, and % Change.

TEAS. Table listing tea companies with columns for Stock, Price, and % Change.

INDIA AND BANGLADESH. Table listing companies from India and Bangladesh with columns for Stock, Price, and % Change.

SRI LANKA. Table listing Sri Lanka companies with columns for Stock, Price, and % Change.

AFRICA. Table listing African companies with columns for Stock, Price, and % Change.

MINES. Table listing mine companies with columns for Stock, Price, and % Change.

CENTRAL RAND. Table listing Central Rand companies with columns for Stock, Price, and % Change.

EASTERN RAND. Table listing Eastern Rand companies with columns for Stock, Price, and % Change.

FAR WEST RAND. Table listing Far West Rand companies with columns for Stock, Price, and % Change.

PROPERTY. Table listing property companies with columns for Stock, Price, and % Change.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies with columns for Stock, Price, and % Change.

FINANCE, LAND, ETC. Table listing finance, land, and other companies with columns for Stock, Price, and % Change.

FINANCE. Table listing finance companies with columns for Stock, Price, and % Change.

NOTES. Text providing detailed information and notes regarding the listed companies and market conditions.

REGIONAL MARKETS. Table listing regional market data with columns for Stock, Price, and % Change.

OPTIONS. Table listing options with columns for Stock, Price, and % Change.

3-month Call rates. Table listing 3-month call rates with columns for Stock, Price, and % Change.

DIAMOND AND PLATINUM. Table listing diamond and platinum companies with columns for Stock, Price, and % Change.



More we go

Rhodesia pulls army out of Mozambique

BY OUR FOREIGN STAFF

RHODESIAN security forces were returning home yesterday after a five-day incursion deep into Mozambique against black nationalist guerrillas.

Benn heads new anti-EEC move

BY PHEIP RAWSTORNE

THE ENERGY Secretary yesterday nimbly side-stepped the Cabinet's EEC policies to plan himself at the head of the renewed anti-Market campaign being launched within the Labour Party.

Post Office £220m. order cuts backed by report

BY MAX WILKINSON

THE POST OFFICE has been vindicated by a report published yesterday on its decision to cut £220m. from its orders for telephone switchgear.

Editorial Comment, Page 14

Deficit

But it heavily emphasised the set-backs and disadvantages which Mr. Benn claimed, had resulted from Britain's EEC membership.

Tax dispute could cost BP £57m.

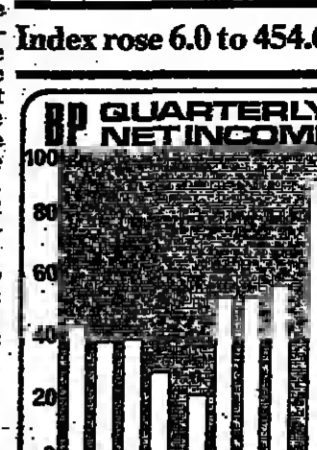
BY MARGARET REID

A TAX dispute overseas could cost British Petroleum £57m. the group said yesterday, when it announced a greatly increased profit for the first quarter of this year.

BP helps to set the stage

THE LEX COLUMN

BP is helping along the Government's share sale by producing first quarter net income of £90.5m., well up on the £55.9m. of the final quarter last year.



net worth—and under ED19 BP will be taking over £100m. net of deferred tax reserves.

The floater

Although the chairman of one bank has described the Government's experimental variable rate bond as "bland, uninteresting and unimaginative" there has been no shortage of buyers in the first four days' trading.

British Enkalon

British Enkalon's loss during 1976 reduced its assets to £12.6m., while its equity currently stands at £19.3m. It is virtually all repayable within five years.

Grand Metropolitan

Grand Metropolitan is heading for a profit increase of as much as 30 per cent. in the year next September, and its level of debt is being cut back according to schedule.

Jones opposes Phase 3

was also needed, Mr. Jones said—especially to take more of the low paid out of the tax net than proposed in the March Budget.

CBI wants national pay forum

By John Elliott, Industrial Editor

CBI leaders are to meet the Chancellor of the Exchequer soon to urge a national pay forum for developing pay policy by creating a new National Economic Forum and by modernising industrial wage bargaining.

U.S. could pull out of air traffic talks

BY DAVID BELL

WASHINGTON, June 2.

THE U.S. delegation to the Bermuda Agreement talks now going on in London will decide tomorrow whether to end its negotiations and return to Washington.

Weather section with U.K. Today and Business Centres forecasts

UK's reserves fall

the return of sterling used in the trade following the official ban on these transactions, bringing in a figure now estimated at up to \$1.7bn.

DOES YOUR PORTFOLIO CONTAIN THESE BASIC ESSENTIALS?

Advertisement for M.L. Duxford & Co. Ltd. listing commodities like COCOA, PLATINUM, COFFEE, COPPER, ZINC, WHEAT, RUBBER, WOOL, TIN, GOLD, BARLEY, LEAD, SILVER, SUGAR.

Contact form for M.L. Duxford & Co. Ltd. with fields for Name, Address, and a company logo.

Handwritten Arabic text at the bottom of the page.